



**SAMSUNG ELECTRONICS Co., Ltd.**  
**2014 Business Report**  
For the year ended December 31, 2014

**Note about forward-looking statements**

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Certain statements in the document, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements.” Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our financial reports available on our website. See, also, 『1. Note on Forward-Looking Statements』 in 『V. Management Discussion and Analysis』 .

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# Certification

## Letter of Certification


We, Oh-Hyun Kwon and Sang-Hoon Lee, respectively, as CEO and director of the company in charge of reporting, certify that we have reviewed the annual business report of Samsung Electronics Co., Ltd. for the year ended December 31, 2014.

To our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary that would be misleading with respect to the period covered by this report.

To our knowledge, the financial statements, and other financial information included in the report, fairly present in all materials respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report.


We confirm that Samsung Electronics operates an Internal Accounting Management System, responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting, as defined in Article 2.2 and 2.3 of the External Audit Act. We have disclosed our most recent evaluation of internal controls over financial reporting to the Company's auditors and to the audit committee of the Company's board of directors.

Date: 2015. 4. 29

Oh-Hyun Kwon (signature) 

Vice Chairman and CEO,  
Samsung Electronics Co., Ltd.

Director responsible for reporting:

Sang-Hoon Lee (signature) 

President and CFO  
Samsung Electronics Co., Ltd.

# I. Corporate Overview

## 1. Overview

### A. Legal, Commercial Name:

- Samsung Electronics Co., Ltd.

### B. Date of Establishment:

- Samsung Electronics (“SEC” or “The Company”) was established as Samsung Electronics Industry Co., Ltd. on January 13, 1969, and held an initial public offering on June 11, 1975.
- The Company changed its name from Samsung Electronics Industry Co., Ltd. to Samsung Electronics Co., Ltd. in accordance with the resolution of the Annual General Meeting of Shareholders on February 28, 1984.

### C. Address, Phone Number, and English Language Website of the Corporate Headquarter

- Address: 129, Samsung-ro, Yeongtong-gu, Suwon, Gyeonggi-do, Korea
- Phone Number: 82-31-200-1114
- Website: [http:// www.samsung.com/us](http://www.samsung.com/us)

### D. The Company is not subject to Article 2 of the Framework Act on Small and Medium Enterprises.

### E. Core Businesses

- The Company independently manages three independent divisions (each a “**Division**”), CE (Consumer Electronics), IM (Information Technology & Mobile Communications), and DS (Device Solutions).

Products in each Division are presented below:

Division	Products
CE	TV, Monitor, Printer, Air Conditioner, Refrigerator, Washing Machine, Medical Devices, etc.
IM	HHP, Network System, Computer, Digital Camera, etc.
DS	DRAM, NAND Flash, Mobile AP, LCD panel, OLED panel, LED, etc.

The Company is a global electronics company comprised of the headquarters in Korea and 158 subsidiaries across the world including nine (9) regional headquarters for the CE and IM Divisions and five (5) regional headquarters for the DS Division.

#### [CE Division]

The CE Division is leading the global digital era by continuously offering new products with innovative technology, unique design, and value.

TV is the core product of CE. The Company has maintained its market leadership position for the past nine (9) consecutive years through competitive advantage in hardware products such as LCD and LED TV as well as software driven product features within our Smart TV product portfolio.

## **[IM Division]**

The IM Division is leading mobile lifestyle innovation with consumer-friendly products such as the premium ‘GALAXY’ branded series of smartphones and tablets, while driving the paradigm shift in the market beyond mobile convergence to focus on software.

The IM Division is focused on meeting market demands by enhancing mobile product differentiation through integration of key features from various product categories.

In addition to handheld phone (“HHP”) products including smartphones, the IM Division is also leading technological development and standardization in the global networks system market including Long Term Evolution (“LTE”).

## **[DS Division]**

The DS Division is comprised of the semiconductor sub-division and the display panel business. The semiconductor sub-division (“Semiconductor Sub-Division”) is further divided into the memory business and system LSI business. The Company’s memory business unit (“Memory” or “Memory Business Unit”) manufactures and sells DRAM and NAND products. The Company’s system LSI business unit (“System LSI”) manufactures mobile application processors (“Mobile APs” or “APs”) and various sensors including CMOS imaging sensors (“CIS”). The display business (“DP Business Unit”) manufactures and sells display panels (“DP”), including TFT-LCD and OLED.

The Memory Business Unit produces differentiated products and has maintained the number one position in the global memory market by applying advanced process technology. System LSI is leading the industry shift from PCs to mobile. The Company’s DP Business Unit is leading the market with technological development and investment resulting in superior quality and cost competitiveness in TFT-LCDs and increasing applications of OLED panels in various IT products.

☞ See 『II. Businesses Overview』, for more details about each Division.

## F. Affiliates

The Company is an affiliate of the Samsung group as defined under Korea’s Monopoly Regulation and Fair Trade Act (“Samsung Group”).

As at December 31, 2014, Samsung Group had a total of sixty-nine (69) domestic affiliates, where five (5) new affiliates (Samsung Welstory, Seoul Lakeside CC, Samsung Card Customer Service, Shilla Stay, and Samoo Architects & Engineers) were included and eleven (11) affiliates (Samsung Corning Precision Materials, Samsung SNS, Global Tech, 365Homecare, Samsung Petrochemical, Cheil Industries, World Cyber Games, SMP, SKKU dormitory, Care Camp, Gacchinet) were excluded. Among the Samsung Group’s sixty nine (69) domestic affiliates, eighteen (18) affiliates including Samsung Electronics are listed, and fifty-one (51) affiliates are unlisted.

[As of December 31, 2014]

	No. of affiliates	Name of affiliates
Listed	18	Samsung C&T, Samsung Electronics, Samsung SDI, Samsung Techwin, SEMCO, Samsung Heavy Industries, Samsung Card, Samsung Life Insurance, Hotel Shilla, Samsung Fire & Marine Insurance, Samsung Securities, Samsung Fine Chemicals, Samsung Engineering, S1, Cheil Worldwide, Cheil Industries, Samsung SDS, CREDU
Unlisted	51	Samsung General Chemicals, Samsung Total Petrochemicals, Samsung Lions, SERI, STECO, Samsung Thales, SEMES, Samsung Electronics Sales, Samsung Electronics Service, Samsung Electronics Logitech, Hantok Chemicals, CVnet Corporation, Allat., SECUI, Open Tide Korea, Samsung Futures, Samsung Venture Investment Corporation, Samsung Asset Management, Saengbo, SD Flex, Samsung Claim Adjustment Service, Samsung Fire & Marine Insurance Service, Suwon Samsung Bluewings FC, S-Core, Human TSS, RAY, Songdo Land Mark City, S-1CRM, OpenHands, S-EnPol, Samsung Medison, Samsung Biologics, STM, Nuri Solution, Colombo Korea, Samsung Life Service, Miracom, SU Materials, Natural9, Samsung Display, Samsung Bioepis, Samsung Corning Advanced Glass, Daejung Offshore Wind Power Co., Ltd., Samsung SRA Asset Management, Samsung Welstory, Jeongahm Wind Power, Samsung SGL Carbon Composite Materials, Samsung Card Customer Service, Seoul Lakeside CC, Shilla Stay, Samoo Architects & Engineers
Total	69	

※ The former Cheil Industries merged with Samsung SDI in July 2014, and Samsung Everland has been renamed as Cheil Industries.

☞ See 『IX. Corporate Governance and Affiliates』 for more details about domestic and overseas affiliates.

## G. Subsidiaries Subject to Consolidated Financial Statements

As of December 31, 2014, Samsung Electronics' consolidated subsidiaries totaled 158 with twelve (12) subsidiaries being newly included and seven (7) subsidiaries being excluded when compared to December 31, 2013. Below is the list of consolidated subsidiaries.

(Unit: KRW million)

Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
Samsung Electronics America Inc.	1978.07	Sale of electronic goods	12,248,560	Over 50%	Y
Samsung Receivables Corporation	1998.03	Receivable management	2,780,689	Over 50%	Y
Samsung Semiconductor Inc.	1983.07	Sale of semiconductors and display panels	7,346,339	Over 50%	Y
Samsung Electronics Canada Inc.	1980.07	Sale of electronic goods	522,775	Over 50%	Y
Samsung Research America, Inc (formerly Samsung Information Systems America Inc.)	1988.10	R&D	184,101	Over 50%	Y
Grandis, Inc.	2002.06	R&D	108,037	Over 50%	Y
Samsung International Inc.	1983.10	Production of TVs and monitors	34,424	Over 50%	N
Samsung Mexicana S.A. de C.V	1988.03	Production of electronic goods	1,065,830	Over 50%	Y
Samsung Telecommunications America LLC.	1992.01	Sale of telecom products	4,735,432	Over 50%	Y
Samsung Austin Semiconductor LLC.	1996.02	Production of semiconductors	6,393,348	Over 50%	Y
Samsung Electronics Mexico S.A. De C.V.	1995.07	Sale of electronic goods	1,554,638	Over 50%	Y
SEMES America Inc.	1998.10	Semiconductor equipment	1,090	Over 50%	N
Samsung Electronics Digital Appliance Mexico, SA de CV	2012.12	Production of electronic goods	503,513	Over 50%	Y
Samsung Electronics Latinoamerica Miami, Inc.	1995.05	Sale of electronic goods	259,165	Over 50%	Y
Nvelo, Inc.	2010.05	Software	1,519	Over 50%	N
Samsung Electronics Latinoamerica (Zona Libre)	1989.04	Sale of electronic goods	375,274	Over 50%	Y
Samsung Electronics Venezuela, C.A.	2010.05	Marketing and services	8,928	Over 50%	N
Samsung Electronica Colombia S.A.	1997.03	Sale of electronic goods	327,320	Over 50%	Y
Samsung Electronics Panama. S.A.	2012.07	Consulting	3,549	Over 50%	N
Samsung Electronica da Amazonia Ltda.	1994.10	Production and sale of electronic goods	3,429,136	Over 50%	Y
Samsung Electronics Argentina S.A.	1996.06	Marketing and services	49,454	Over 50%	N
Samsung Electronics Chile Limitada	2002.12	Sale of electronic goods	492,709	Over 50%	Y
Samsung Electronics Peru S.A.C.	2010.04	Sale of electronic goods	150,228	Over 50%	Y
Samsung Electronics (UK) Ltd.	1995.07	Sale of electronic goods	1,393,507	Over 50%	Y
Samsung Electronics(London) Ltd.	1999.01	Holding company	7,647	Over 50%	N
Samsung Electronics Holding GmbH	1982.02	Holding company	886,338	Over 50%	Y
Samsung Semiconductor Europe GmbH	1987.12	Sale of semiconductors and display panels	1,016,296	Over 50%	Y
Samsung Electronics GmbH	1984.12	Sale of electronic goods	1,214,277	Over 50%	Y
Samsung Electronics Iberia, S.A.	1989.01	Sale of electronic goods	783,438	Over 50%	Y
Samsung Electronics France S.A.S	1988.01	Sale of electronic goods	1,157,900	Over 50%	Y

Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
Samsung Electronics Hungarian Private Co. Ltd.	1989.10	Production and sale of electronic goods	1,249,691	Over 50%	Y
Samsung Electronics Czech and Slovak s.r.o.	2010.01	Sale of electronic goods	170,011	Over 50%	Y
Samsung Electronics Italia S.P.A.	1991.04	Sale of electronic goods	1,004,423	Over 50%	Y
Samsung Electronics Europe Logistics B.V.	1991.05	Logistics	1,903,892	Over 50%	Y
Samsung Electronics Benelux B.V.	1995.07	Sale of electronic goods	1,290,124	Over 50%	Y
Samsung Display Slovakia s.r.o.	2007.03	Display panel processing	299,196	Over 50%	Y
Samsung Electronics Romania LLC	2007.09	Sale of electronic goods	144,702	Over 50%	Y
Samsung Electronics Polska, SP.Zo.o	1996.04	Sale of electronic goods	557,370	Over 50%	Y
Samsung Electronics Portuguesa S.A.	1982.09	Sale of electronic goods	132,631	Over 50%	Y
Samsung Electronics Nordic Aktiebolag	1992.03	Sale of electronic goods	533,252	Over 50%	Y
Samsung Nanoradio Design Center	2004.02	R&D	21,737	Over 50%	N
Samsung Semiconductor Europe Ltd.	1997.04	Sale of semiconductors and display panels	98,884	Over 50%	Y
Samsung Electronics Austria GmbH	2002.01	Sale of electronic goods	323,756	Over 50%	Y
Samsung Electronics Slovakia s.r.o	2002.06	Production of TVs and monitors	1,764,078	Over 50%	Y
Samsung Electronics European Holding Cooperatief U.A.	2008.10	Holding company	5,780,302	Over 50%	Y
Samsung Electronics Poland Manufacturing SP.Zo.o	2010.02	Production of home appliances	373,469	Over 50%	Y
Samsung Electronics Greece S.A.	2010.04	Sale of electronic goods	108,514	Over 50%	Y
Nanoradio Hellas AE	2007.11	R&D	21,737	Over 50%	N
Samsung Denmark Research Center ApS	2012.09	R&D	22,520	Over 50%	N
Samsung France Research Center SARL	2012.10	R&D	22,406	Over 50%	N
Samsung Cambridge Solution Centre Limited	2012.09	R&D	132,919	Over 50%	Y
Samsung Electronics Baltics SIA	2001.10	Sale of electronic goods	44,495	Over 50%	N
Samsung Electronics Overseas B.V.	1997.01	Sale of electronic goods	173,644	Over 50%	Y
Samsung Electronics Rus LLC	1999.03	Marketing	12,392	Over 50%	N
Samsung Electronics Rus Company LLC	2006.10	Sale of electronic goods	1,410,054	Over 50%	Y
Samsung Electronics Ukraine LLC	2004.01	Marketing	79	Over 50%	N
Samsung Electronics Ukraine Company LLC	2008.09	Sale of electronic goods	189,644	Over 50%	Y
Samsung R&D Institute Rus LLC	2011.11	R&D	13,767	Over 50%	N
Samsung Electronics Kazakhstan LLP	2006.07	Marketing	964	Over 50%	N
Samsung Electronics Central Eurasia LLP	2008.09	Sale of electronic goods	161,062	Over 50%	Y
Samsung Electronics Rus Kaluga LLC	2007.07	Production of TVs	1,122,495	Over 50%	Y
Samsung Russia Service Centre LLC	1997.11	Service	41,567	Over 50%	N
Samsung Electronics West Africa	2010.03	Marketing	61,414	Over 50%	N
Samsung Electronics East Africa	2011.12	Marketing	26,006	Over 50%	N
Samsung Gulf Electronics Co., Ltd.	1995.05	Sale of electronic goods	1,071,694	Over 50%	Y



Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
Samsung Electronics Egypt S.A.E	2012.07	Production and sale of electronic goods	251,866	Over 50%	Y
Samsung Electronics Israel Ltd.	2012.09	Marketing	3,150	Over 50%	N
Samsung Electronics Tunisia S.A.R.L	2012.09	Marketing	1,667	Over 50%	N
Samsung Electronics Pakistan(Private) Ltd.	2012.11	Marketing	1,814	Over 50%	N
Samsung Electronics South Africa(Pty) Ltd.	1994.06	Sale of electronic goods	787,562	Over 50%	Y
Samsung Electronics Turkey	1984.12	Sale of electronic goods	674,173	Over 50%	Y
Samsung Semiconductor Israel R&D Center Ltd.	2007.10	R&D	22,940	Over 50%	N
Samsung Electronics Levant Co.,Ltd.	2009.07	Sale of electronic goods	403,713	Over 50%	Y
Samsung Electronics Morocco SARLAU	2009.11	Sale of electronic goods	88,406	Over 50%	Y
Samsung Japan Corporation	1975.12	Sale of electronic goods	1,174,832	Over 50%	Y
Samsung R&D Institute Japan Co. Ltd	1992.08	R&D	181,723	Over 50%	Y
Samsung Electronics Japan Co., Ltd.	2008.09	Sale of electronic goods	712,050	Over 50%	Y
Samsung Electronics Display (M) Sdn. Bhd.	1995.03	Production and sale of electronic goods	814,820	Over 50%	Y
Samsung Electronics (M) Sdn. Bhd.	1989.09	Production of home appliances	277,354	Over 50%	Y
Samsung Vina Electronics Co., Ltd.	1995.01	Production and sale of electronic goods	175,780	Over 50%	Y
Samsung Asia Private Ltd.	2006.07	Sale of electronic goods	2,425,585	Over 50%	Y
Samsung India Electronics Private Ltd.	1995.08	Production and sale of electronic goods	1,924,832	Over 50%	Y
Samsung R&D Institute India-Bangalore Private Ltd.	2005.05	R&D	147,900	Over 50%	Y
Samsung Electronics Australia Pty. Ltd.	1987.11	Sale of electronic goods	578,624	Over 50%	Y
PT Samsung Electronics Indonesia	1991.08	Production and sale of electronic goods	647,199	Over 50%	Y
PT Samsung Telecommunications Indonesia	2003.03	Sale of telecom systems and services	15,944	Over 50%	N
Thai Samsung Electronics Co., Ltd.	1988.10	Production and sale of electronic goods	1,476,296	Over 50%	Y
Samsung Electronics Philippines Corporation	1996.03	Sale of electronic goods	127,203	Over 50%	Y
Samsung Malaysia Electronics (SME) Sdn. Bhd.	2003.05	Sale of electronic goods	814,104	Over 50%	Y
Samsung R&D Institute BanglaDesh	2010.08	R&D	6,662	Over 50%	N
Samsung Electronics Vietnam Co., Ltd.	2008.03	Production of electronic goods	5,625,759	Over 50%	Y
Samsung Telecommunications Malaysia Sdn. Bhd.	2009.08	Sale of telecom systems and services	11,593	Over 50%	N
Samsung Display Dongguan Co., Ltd.	2001.11	Display panel production	1,015,838	Over 50%	Y
Samsung Display TianJin Co., Ltd.	2004.06	Display panel production	650,311	Over 50%	Y
Samsung Electronics Hong Kong Co., Ltd.	1988.09	Sale of electronic goods	1,188,620	Over 50%	Y
Suzhou Samsung Electronics Co., Ltd.	1995.04	Production of home appliances	645,699	Over 50%	Y
Samsung Suzhou Electronics Export Co., Ltd.	1995.04	Production of home appliances	352,780	Over 50%	Y
Samsung (CHINA) Investment Co., Ltd.	1996.03	Sale of electronic goods	8,406,438	Over 50%	Y
Samsung Mobile R&D Center, China-Guangzhou	2010.01	R&D	38,323	Over 50%	N
Samsung Tianjin Mobile Development Center	2010.08	R&D	28,245	Over 50%	N

Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
Samsung Electronics Suzhou Semiconductor Co., Ltd.	1994.12	Semiconductor processing	660,374	Over 50%	Y
Samsung Electronics (Shandong) Digital Printing Co., Ltd.	1993.03	Production of printers	761,018	Over 50%	Y
Samsung Electronics Huizhou Co., Ltd.	1992.12	Production of electronic goods	4,599,200	Over 50%	Y
Tianjin Samsung Electronics Co., Ltd.	1993.04	Production of TV and monitors	907,752	Over 50%	Y
Samsung Electronics Taiwan Co., Ltd.	1994.11	Sale of electronic goods	1,390,404	Over 50%	Y
Beijing Samsung Telecom R&D Center	2000.09	R&D	44,780	Over 50%	N
Tianjin Samsung Telecom Technology Co., Ltd.	2001.03	Production of telecom products	2,939,027	Over 50%	Y
Shanghai Samsung Semiconductor Co., Ltd.	2001.10	Sale of semiconductor and display panels	1,310,109	Over 50%	Y
Samsung Electronics Suzhou Computer Co., Ltd.	2002.09	Production of electronic goods	846,670	Over 50%	Y
Samsung Display Suzhou Co., Ltd.	2002.09	Display panel processing	554,424	Over 50%	Y
Samsung Suzhou LCD Co., Ltd.	2011.07	Display panel production	1,463,589	Over 50%	Y
Shenzhen Samsung Electronics Telecommunication Co., Ltd.	2002.02	Sale of telecom products	88,698	Over 50%	Y
Samsung Electronics Shanghai Telecommunication Co., Ltd.	2001.11	Sale of telecom and network products	1,411	Over 50%	N
Samsung Semiconductor (China) R&D Co., Ltd.	2003.04	R&D	18,982	Over 50%	N
Samsung Electronics China R&D Center	2004.05	R&D	25,429	Over 50%	N
Samsung (China) Semiconductor Co., Ltd.	2012.09	Semiconductor production	3,752,682	Over 50%	Y
Samsung Electronics Hainan Fiberoptics Co., Ltd.	2004.04	Fiber optic and cable production	111,367	Over 50%	Y
Samsung Electronics (Beijing) Service Company Ltd.	2005.01	Services	140,868	Over 50%	Y
Tianjin Samsung LED Co., Ltd.	2009.05	LED production	457,896	Over 50%	Y
Tianjin Samsung Opto-Electronics Co., Ltd.	1994.02	Camera/camcorder production	241,957	Over 50%	Y
Samsung Display	2012.04	Display panel sales and production	35,754,894	Over 50%	Y
SU Materials	2011.08	Display panel component production	21,711	Over 50%	N
STECO	1995.06	Semiconductor component production	91,556	Over 50%	Y
SEMES	1993.01	Semiconductor/FPD manufacturing equipment	669,232	Over 50%	Y
Samsung Electronics Service	1998.10	Electronics goods repair services	335,588	Over 50%	Y
Samsung Electronics Sales	1996.07	Sales of electronic goods	564,361	Over 50%	Y
Samsung Electronics Logitech	1998.04	Total logistics services	140,733	Over 50%	Y
SVIC #6 Venture Capital Union	2005.07	Investment in venture firms and new technologies	37,284	Over 50%	N
SVIC #14 Venture Capital Union	2009.05	Investment in venture firms and new technologies	55,465	Over 50%	N
SVIC #20 Venture Capital Union	2011.03	Investment in venture firms and new technologies	30,532	Over 50%	N
SVIC #21 Venture Capital Union	2011.11	Investment in venture firms and new technologies	61,384	Over 50%	N
SVIC #22 Venture Capital Union	2011.11	Investment in venture firms and new technologies	93,554	Over 50%	Y
SVIC #23 Venture Capital Union	2012.10	Investment in venture firms and new technologies	10,746	Over 50%	N
Hi Pioneer Private Securities Investment Trust 1	2011.08	Investment in venture firms and new technologies	19,189	Over 50%	N
Samsung Medison	1985.07	Medical equipment	309,321	Over 50%	Y

Name of Subsidiaries	Date of Establishment	Major business	Dec 31, 2013 Assets	% ownership	Classified as major subsidiary (Y/N)
RAY	2004.10	Dental CT	5,950	Over 50%	N
SonoAce Deutschland GmbH	2001.10	Medical equipment	322	Over 50%	N
Samsung Medison Shanghai Medical Instrument Co., Ltd.	1992.11	Medical equipment	10,692	Over 50%	N
Samsung Medison India Private Ltd.	2009.01	Medical equipment	96	Over 50%	N
NexusDX Inc.	2009.07	Medical equipment	15,214	Over 50%	N
NeuroLogica Corp.	2004.02	Medical equipment	187,297	Over 50%	Y
Samsung Electronics Vietnam THANGUYEN Co., Ltd.	2013.03	Production of telecom products	590,033	Over 50%	Y
Samsung Network R&D Center, China-Shenzhen	2013.03	R&D	5,738	Over 50%	N
Samsung Electronics Switzerland GmbH	2013.05	Sale of electronic goods	115,759	Over 50%	Y
Samsung R&D Institute China-Xian	2013.07	R&D	8,179	Over 50%	N
SEMES (XIAN) Co., Ltd.	2013.07	Semiconductor equipment	242	Over 50%	N
Samsung Electronics New Zealand Limited	2013.09	Sale of electronic goods	3,163	Over 50%	N
RT SV CO-INVEST, LP	2014.02	Investment in venture firms	-	Over 50%	N
Samsung Display Bac Ninh	2014.07	Display panel production	-	Over 50%	N
Samsung Electronics South Africa Production (pty) Ltd.	2014.07	Production of TV and monitors	-	Over 50%	N
Quietside LLC	2001.07	Sale of Air-conditioner	17,407	Over 50%	N
SmartThings, Inc.	2012.04	Sale of smart-home devices	12,775	Over 50%	N
PrinterOn Inc.	2000.04	Sale of printing solutions	4,545	Over 50%	N
PrinterOn America Corporation	1986.04	Sale of printing solutions	28	Over 50%	N
PrinterOn Europe Limited	2013.11	Sale of printing solutions	-	Over 50%	N
SVIC #27 Venture Capital Union	2014.09	Investment in venture firms and new technologies	-	Over 50%	N
Samsung Electronics Caucasus Co., Ltd.	2014.10	Marketing	-	Over 50%	N
SVIC #26 Venture Capital Union	2014.11	Investment in venture firms and new technologies	-	Over 50%	N

※ Companies with over KRW75 billion in total assets as of December 31, 2013, are classified as major subsidiaries.

※ See 『II. Businesses Overview』 for additional information about major business segments.

## H. Credit Rating

The Company's credit rating is assessed by two external credit ratings agencies. As of December 31, 2014, the Company's credit ratings are: A1 and investment outlook is stable, as rated by Moody's; and A+ and investment outlook is stable, as rated by S&P.

Date	Securities	Ratings	Credit Rating Agency	Rating Range	Note
'12.08	Corporate bond	A	S&P (USA)	(AAA ~ D)	Annual Review
'12.08	Corporate bond	A1	Moody's (USA)	(Aaa ~ C)	
'13.08	Corporate bond	A+	S&P (USA)	(AAA ~ D)	
'13.12	Corporate bond	A1	Moody's (USA)	(Aaa ~ C)	
'14.08	Corporate bond	A+	S&P (USA)	(AAA ~ D)	
'14.10	Corporate bond	A1	Moody's (USA)	(Aaa ~ C)	

## 2. Company History

(The Information disclosed below outlines major changes to the Company such as asset transfers, M&A, and security offerings)

2010.01.01	Transferred VSS business to Samsung Techwin
2010.04.01	Merged with Samsung Digital Imaging
2011.01.01	Merged with Samsung Electronics Gwangju
2011.02.16	Acquired shares of Prosonic (100%) and Medison (43.5%)
2011.04.19	Signed a comprehensive partnership contract (including HDD business transfer) with Seagate
2011.04.29	Acquired additional shares of Medison (22.3%)
2011.07.01	Transferred solar cell business to Samsung SDI
2011.07.22	Acquired shares of Grandis (100%), an affiliate of subsidiary SISA (Samsung Information System America)
2012.01.19	Acquired remaining shares of S-LCD Corporation (50%) from SONY
2012.04.01	Separated LCD business (established Samsung Display)
2012.04.01	Merged with Samsung LED
2012.04.10	Corporate bond (\$1 billion) issued by SEA
2012.07.01	Samsung Mobile Display merged with S-LCD (a subsidiary of Samsung Display)
2012.09.01	Merged Prosonic with Samsung Medison
2012.12.01	Acquired SEHF Korea
2013.01.01	Merged SECRON with GES (a subsidiary of SEMES)
2013.01.28	Acquired shares of NeuroLogica (100%), a subsidiary of SEA
2014.01.15	Disposed of stocks of Samsung Corning Precision Materials, a subsidiary of Samsung Display Purchased convertible preferred stocks from Corning Incorporated
2014.08.18	Acquired shares of SmartThings (100%), a subsidiary of SEA

## (Changes in Subsidiaries)

	AMER	Europe/ MEA/ CIS	Asia	China	Domestic	Total	Increase	Decrease
Dec 31, 2009	17	39	20	25	15	116	-	-
Dec 31, 2010	19	44	21	27	17	128	<p>[Americas: 2] Samsung Electronics Peru S.A.C., Samsung Electronics Venezuela, C.A.</p> <p>[Europe/MEA/CIS: 5] Samsung Electronics West Africa, Samsung Electronics Greece S.A., Samsung LCD Netherlands R&amp;D Center B.V, Samsung LCD Netherlands R&amp;D Center(UK) Limited, Samsung Opto-Electronics GmbH</p> <p>[Asia: 1] Samsung Electronics Bangladeshi Research Center</p> <p>[China: 4] Samsung Guangzhou Mobile R&amp;D Center, Samsung Tianjin Mobile Development Center, Tianjin Samsung Opto- Electronics Co., Ltd., Samsung LCD Netherlands R&amp;D Center(HK) Limited</p> <p>[Domestic: 2] RAY, GES</p>	<p>[China: 2] Tianjin Tongguang Samsung Electronics, Tianjin Samsung Electronics Display</p>
Dec 31, 2011	26	51	25	30	24	156	<p>[Americas: 7] Samsung Medison Brasil Ltda., Samsung Medison America Inc., Grandis, Inc., Nexus DX Inc., HX Diagnostics, Inc., HX Reagents, Inc., Deltapoint Cardiac Diagnostics, Inc.</p> <p>[Europe/MEA/CIS: 7] SONOACE Deutschland GmbH, Samsung Medison France S.A.S., Samsung Medison Italia S.r.l., Samsung Medison Europe B.V., Samsung Moscow Research Centre, Samsung Electronics East Africa, Nanogen Recognomics GmbH</p> <p>[Asia: 4] Samsung Medison Japan Co., Ltd., Samsung Medison India Private Ltd., Medison Medical Systems India Private Ltd., TNP Small/Medium Size &amp; Venture Enterprises Growth-Promotion Investment Limited Partnership(TSUNAMI)</p> <p>[China: 4] Samsung Medison Shanghai Medical Instrument Co., Ltd., Medison (Shanghai) Co., Ltd., Medison Medical Equipment Shanghai, Samsung Suzhou LCD Co., Ltd.</p> <p>[Domestic: 10] Prosonic, SVIC #20 Venture Capital Union, Samsung Medison, Medison Healthcare, CSL, Medison X-ray, SU Materials, Hi Pioneer Private Securities Investment Trust 1, SVIC #21 Venture Capital Union, SVIC #22 Venture Capital Union</p>	<p>[China: 1] Samsung Electronics Shenzhen Co., Ltd.</p> <p>[Domestic: 3] Samsung Electronics Gwangju, Medison X-ray, CSL</p>
Dec 31, 2012	30	61	23	32	20	166	<p>[Domestic: 2] Samsung Display , SVIC #23 Venture Capital Union</p> <p>[Americas: 8] Samsung LED AMERICA, Inc., mSpot Inc., Nanoradio Inc., Samsung Electronics Panama. S.A, Samsung Electronics Corporativo SA de CV, Samsung Electronics Digital Appliance Mexico SA de CV, Nvelo Inc., Newton Sub. Corp.</p> <p>[Europe/MEA/CIS: 11] Samsung LED Europe GmbH, Samsung Nanoradio Design Center, Nanoradio Hellas AE, General RF Modules AB, Samsung Cambridge Solution Centre Limited, Samsung Denmark Research Center ApS, Samsung Electronics Egypt S.A.E, Samsung Electronics Tunisia S.A.R.L, Samsung Electronics Israel, Samsung France Research Center SARL, Samsung Electronics Pakistan (Private) Ltd.</p> <p>[China: 2] Tianjin Samsung LED Co., Ltd., Samsung (China) Semiconductor Co., Ltd.</p>	<p>[Domestic: 6] Medison Healthcare, Samsung Mobile Display, S-LCD, SVIC #7 Venture Capital Union, Prosonic, SEHF-Korea</p> <p>[America: 4] Samsung LED AMERICA, Inc., HX Diagnostics, Inc., HX Reagents, Inc., Nanoradio Inc.</p> <p>[Europe/MEA/CIS: 1] Samsung LED Europe GmbH,</p> <p>[Asia: 2] Samsung Asia Private Ltd., Samsung Medison Japan Co., Ltd.</p>

※ AMER = America; MEA = Middle East and Africa, CIS = Commonwealth of Independent States

	AMER	Europe/ MEA/ CIS	Asia	China	Domestic	Total	Increase	Decrease
Dec 31, 2013	25	55	22	33	18	153	[Americas: 2] NeuroLogica Corp., Intellectual Keystone Technology LLC. [Europe/MEA/CIS: 1] Samsung Electronics Switzerland GmbH [Asia: 2] Samsung Electronics Vietnam THANGUYEN Co., Ltd., Samsung Electronics New Zealand Ltd. [China: 3] Samsung Network R&D Center China-Shenzhen, Samsung R&D Institute China-Xian, SEMES (XIAN) Co., Ltd.	[Domestic: 2] Secron, GES [Americas: 7] Newton Sub. Corp., mSpot, Inc., Deltapoint Cardiac Diagnostics, Inc., Samsung Medison America, Inc., Intellectual Keystone Technology LLC., Samsung Medison Brasil Ltda., Samsung Electronics Corporativo, SA de CV [Europe/MEA/CIS: 7] Samsung Telecoms (UK) Ltd., Samsung LCD Netherlands R&D Center B.V, Samsung LCD Netherlands R&D Center (UK) Limited, General RF Modules AB, Samsung Medison France S.A.S., Samsung Opto-Electronics GmbH, Samsung Medison Italia S.r.l. [Asia: 3] Samsung Electronic Philippines Manufacturing Corp., Batino Realty Corporation, TNP Small/Medium Size & Venture Enterprises Growth Promotion Investment Limited Partnership(TSUNAMI) [China: 2] Samsung LCD Netherlands R&D Center (HK)Limited, Medison (shanghai) Co., Ltd.
Dec 31, 2014	30	56	22	32	18	158	[Domestic : 2] SVIC #26 Venture Capital Union SVIC #27 Venture Capital Union [America: 6] RT SV CO-INVEST, LP, Quietside LLC, SmartThings, Inc., PrinterOn Inc., PrinterOn America Corporation, 1397011 Ontario Ltd. [Europe/MEA/CIS: 3] PrinterOn Europe Limited, Samsung Electronics South Africa Production(pty) Ltd., Samsung Electronics Caucasus Co., Ltd. [Asia : 1] Samsung Display Bac Ninh	[Domestic: 2] Samsung Blue wings, World cyber games [America: 6] 1397011 Ontario Ltd. [Europe: 2] Samsung Medison Europe B.V Nanogen Recognomics GmbH [Asia: 1] Medison Medical Systems India Private Ltd. [China: 1] Medison Medical Equipment Shanghai Co., Ltd..

※ AMER = America; MEA = Middle East and Africa, CIS = Commonwealth of Independent States

### (Important Changes in Management Executives)

Following the annual general meeting of shareholders on March 16, 2012, of the three Executive Directors with expired terms (Gee-Sung Choi, Yoon-Woo Lee, Ju-Hwa Yoon), Yoon-Woo Lee retired and Gee-Sung Choi and Ju-Hwa Yoon were re-appointed. Oh-Hyun Kwon was newly appointed as Executive Director. In addition, of the three Independent Directors with expired terms (Dong-Min Yoon, Jae-Woong Lee, Oh-Soo Park), Jae-Woong Lee and Oh-Soo Park retired and Dong-Min Yoon was re-appointed. Han-Joong Kim and Byeong-Gi Lee were newly appointed as Independent Directors.

On June 8, 2012, Oh-Hyun Kwon succeeded Gee-Sung Choi as CEO.

On February 7, 2013, Independent Director Dong-Min Yoon retired (deceased).

On March 14, 2013, Executive Directors Gee-Sung Choi and Ju-Hwa Yoon resigned.

Following the shareholders' meeting on March 15, 2013, Boo-Keun Yoon, Jong-Kyun Shin, and Sang-Hoon Lee were newly appointed as Executive Directors. Independent Director In-Ho Lee was reappointed, and Kwang-Soo Song and Eun-Mee Kim were newly appointed as Independent Directors.

On March 15, 2013, the Company appointed Executive Directors Boo-Keun Yoon and Jong-Kyun Shin as CEOs to serve alongside incumbent CEO Oh-Hyun Kwon as co-CEOs.

On March 13, 2015, Executive Director Oh-Hyun Kwon and Independent Directors Han-Joong Kim and Byeong-Gi Lee were reappointed at the annual general meeting of shareholders.

As of March 31, 2015, (the “Reporting Date”), the Company’s BOD is comprised of four Executive Directors (Oh-Hyun Kwon, Boo-Keun Yoon, Jong-Kyun Shin, Sang-Hoon Lee) and five Independent Directors (In-Ho Lee, Han-Joong Kim, Byeong-Gi Lee, Kwang-Soo Song and Eun-Mee Kim).

**(Changes in Organizational Structure)**

In December 2012, following an organizational change, CE and IM businesses were upgraded to individual Division status, and the IT Solution business was divided into Printing Solution and Computer businesses. The Printing Solution business was incorporated into the CE Division and the Computer business was integrated into the Mobile business under the IM Division. The Medical Device business team was upgraded to a business unit within the CE Division.

In December 2013, the Digital Imaging business was changed to a team unit, and then was integrated with the Mobile business. No further changes have been made as of year-end 2014.

[As of December 2012]

	Before	After
Business organization	DMC Division (CE: Visual display, Digital appliances) (IM: Mobile, IT solution, Network, Digital imaging)	CE Division (Visual display, Digital appliances, Printing solution, Medical devices)
		IM Division (Mobile, Network, Digital imaging)
	DS Division (Memory, SYS.LSI, LCD,LED)	DS Division (Memory, SYS.LSI, DP, LED)
Regional headquarters	Korea, North America, Latin America, Europe, CIS, Southwest Asia, Southeast Asia, China, Middle East, Africa	Korea, North America, Latin America, Europe, CIS, Southwest Asia, Southeast Asia, China, Middle East, Africa
	Americas(DS), Europe(DS), China(DS), Southeast Asia(DS), Japan(DS)	Americas(DS), Europe(DS), China(DS), Southeast Asia(DS), Japan (DS)

[As of December 2013]

	Before	After
Business organization	CE Division (Visual display, Digital appliances, Printing solution, Medical devices)	CE Division (Visual display, Digital appliances, Printing solution, Medical devices)
	IM Division (Mobile, Network, Digital imaging)	IM Division (Mobile, Network)
	DS Division (Memory, SYS.LSI, DP, LED)	DS Division (Memory, SYS.LSI, DP, LED)
Regional headquarters	Korea, North America, Latin America, Europe, CIS, Southwest Asia, Southeast Asia, China, Middle East, Africa	Korea, North America, Latin America, Europe, CIS, Southwest Asia, Southeast Asia, China, Middle East, Africa
	Americas(DS), Europe(DS), China(DS), Southeast Asia(DS), Japan(DS)	Americas(DS), Europe(DS), China(DS), Southeast Asia(DS), Japan (DS)

### 3. Changes in Paid-in Capital

No changes were reported during the past five (5) consecutive years.

### 4. Stock Information

#### A. Total Number of Shares

The total number of authorized shares according to the articles of incorporation is 500,000,000 (par value per share: KRW 5,000). As of December 31, 2014, the Company has issued 147,299,337 shares of registered common stock and 22,833,427 shares of registered preferred stock without voting rights (excluding canceled shares). The Company has canceled 8,310,000 shares of common stock and 1,060,000 shares of preferred stock. As of December 31, 2014, the number of floating common stock is 130,204,596 shares and the number of floating preferred stock is 19,722,484 shares, excluding treasury shares (of 17,094,741 shares of common stock and 3,110,943 shares of preferred stock).

[As of December 31, 2014]

(Unit: shares)

Classification	Type of Stocks			Note
	Common	Preferred	Total	
I. Number of authorized shares	400,000,000	100,000,000	500,000,000	-
II. Number of shares issued	155,609,337	23,893,427	179,502,764	-
III. Number of shares decreased	8,310,000	1,060,000	9,370,000	-
1. Capital Reduction	-	-	-	-
2. Number of shares canceled	8,310,000	1,060,000	9,370,000	Cancellation of treasury shares
3. Redemption of redeemable shares	-	-	-	-
4. Others	-	-	-	-
IV. Number of outstanding shares (II-III)	147,299,337	22,833,427	170,132,764	-
V. Treasury shares	17,094,741	3,110,943	20,205,684	-
VI. Number of floating shares (IV-V)	130,204,596	19,722,484	149,927,080	-

※ Shares of the Company's common stock carry voting rights but preferred stock do not carry voting rights.



## B. Treasury Shares

In 2014, Samsung Electronics distributed 47,530 shares of common stock in connection with the exercise of previously granted stock options by current and former management and employees. The Company acquired 758,055 shares of common stock and 131,250 shares of preferred stock for its treasury to enhance shareholder value by stabilizing the price of its shares. As of December 31, 2014, the Company holds 17,094,741 shares of common stock and 3,110,943 shares of preferred stock as treasury shares.

[As of December 31, 2014]

(Unit: Shares)

Acquisition method	Share type	Period-beginning shares	Change			Period-end shares
			Acquisition (+)	Disposal (-)	Cancellation (-)	
Intra-market direct acquisition (Within dividend related capital gains limit)	Common	16,384,216	758,055	47,530	-	17,094,741
	Preferred	2,979,693	131,250	-	-	3,110,943
Total	Common	16,384,216	758,055	47,530	-	17,094,741
	Preferred	2,979,693	131,250	-	-	3,110,943

## C. Types of Registered Stock

The Company has two types of registered equity securities: 1) common stock; 2) non-voting and non-cumulative preferred stock.

The shareholders of preferred stock are entitled to dividend payments of an additional 1% of par value compared to shareholders of common stock. As of December 31, 2014, the total number of outstanding preferred stock is 22,833,427 shares.

## 5. Voting Shares

Samsung Electronics has 147,299,337 shares of common stock outstanding, which represents 29.5% of the total number of authorized shares of 500 million (500,000,000). There are 22,833,427 shares of preferred stock outstanding (with no voting rights). The Company holds 17,094,741 shares of common stock (with no voting rights) in its treasury, and 12,506,577 shares of common stock are held by the Company's affiliates and have limited voting rights under applicable laws. Thus, the total number of shares with voting rights is 117,698,019.

[As of December 31, 2014]

(Unit: Shares)

Classification		Number of shares	Note
Number of outstanding shares (A)	Common	147,299,337	-
	Preferred	22,833,427	-
Shares with no voting rights (B)	Common	17,094,741	Treasury stock according to Korean Commercial Act
Shares with no voting rights according to Articles of Incorporation (C)	Preferred	22,833,427	3,110,943 shares of preferred treasury stock included
Shares with limited voting rights under relevant laws (D)	Common	12,479,184	Restricted by the Monopoly Regulation and Fair Trade Act: 10,622,814 shares held by Samsung Life Insurance & 1,856,370 shares held by Samsung Fire & Marine Insurance
	Common	27,393	Restricted by the Insurance Business Act: Shares held by Samsung Life Insurance in certain special accounts
Shares with voting rights (F = A - B - C - D)	Common	117,698,019	-
	Preferred	-	-

※ Pursuant to Korea's Monopoly Regulation and Fair Trade Act, shareholders with limited voting rights (D) can exercise certain rights in accordance with related laws, including the right to vote on agendas such as the appointment or dismissal of directors and revisions to the Articles of Incorporation.

## 6. Shareholder Return

As a part of the Company's shareholder return policy, a part of the profits have been returned to shareholders by way of dividends and shareholder value has been increased through open market purchases of floating shares (share repurchase). The Company carefully considers strategic investments for sustainable growth, business performance, and cash flows in determining the level of total shareholder return.

Dividends paid in the most recent three (3) fiscal years are as follows:

(Unit: Shares / %)

Classification		2014	2013	2012
Par value per share (won)		5,000	5,000	5,000
Net profit (million won)		23,082,499	29,821,215	23,185,375
EPS (won)		153,105	197,841	154,020
Total cash dividend (million won)		2,999,972	2,156,969	1,206,562
Total stock dividend (million won)		-	-	-
Dividend payout ratio (%)		13.0	7.2	5.2
Cash dividend yield (%)	Common	1.5	1.0	0.5
	Preferred	1.9	1.4	1.0
Stock dividend yield (%)	Common	-	-	-
	Preferred	-	-	-
Cash dividend per share (won)	Common	20,000	14,300	8,000
	Preferred	20,050	14,350	8,050
Stock dividend per share (share)	Common	-	-	-
	Preferred	-	-	-

※ 2014 interim dividend declared was KRW 75,408 million (KRW 500 per share).

※ EPS denotes basic earnings per common share.

※ For further information relating to the calculation of basic EPS, see Earnings Per Share in 『3. Note to Consolidated Financial Statements』 in 『III. Financial Affairs』.

## II. Businesses Overview

### 1. Overview

#### A. Business Overview by Division

In addition to our headquarters in Korea, Samsung Electronics is comprised of 158 subsidiaries across the world responsible for sales and production. Also, there are nine (9) regional headquarters for Consumer Electronics (“CE”) and Information Technology & Mobile Communications (“IM”) Divisions and five (5) regional headquarters for Device Solutions (“DS”) Division.

The Company’s business Divisions are organized in a two-pronged business framework of set (brand products) and component businesses. The set business is comprised of CE and IM Divisions, and the component business is comprised of DS Division. The CE Division is responsible for the production and sales of TVs, monitors, printers, air conditioners and refrigerators, and the IM Division focuses on the production and sales of handheld phones (HHPs) (such as feature phones and smartphones), network systems, and computers. The DS Division is comprised of the Semiconductor business which manufactures and sells DRAM, NAND and Mobile AP, etc. and the Display Panel (“DP Business Unit”) business which manufactures and sells TFT-LCD and OLED panels for TVs, monitors, notebook PCs, and mobile devices.

<Major Products by Business Division>

Business Division		Major Products
CE Division		TV, Monitor, Printer, Air Conditioner, Refrigerator, Washing Machine, Medical Devices, etc.
IM Division		HHP, Network System, Computer, Digital Camera, etc.
DS Division	Semiconductor (Sub-Division)	DRAM, NAND Flash, Mobile AP, etc.
	DP Business Unit	TFT-LCD, OLED, etc.

The Company maintains its corporate headquarter and eighteen (18) consolidated domestic subsidiaries in Korea.

The Company’s corporate headquarters in Korea is divided along Divisions and/or businesses, and are situated at the following 5 locations: Suwon (CE Division and R&D Center); Gumi (IM Division); Giheung and Hwasung (Semiconductor business); and Gwangju (Home Appliance business). The Company’s consolidated domestic subsidiaries include Samsung Display for display panel production, Samsung Electronics Sales for domestic retail sales, Samsung Electronics Service for after service care, and Samsung Electronics Logitech for logistics.

We have 140 overseas subsidiaries for product manufacturing, sales, and R&D.

In the Americas, we have 30 subsidiaries responsible for product manufacturing and sales including SEA (New Jersey, United States) which is responsible for sales of products such as TVs, HHPs and other communication products in the US, SAMEX (Tijuana, Mexico) responsible for manufacturing TVs, and SAS (Austin, United States) responsible for manufacturing semiconductor products.

In Europe, we operate 32 subsidiaries including SEUK (UK), SEF (France), SEG (Germany), and SEI (Italy). SESK (Slovakia) and SEH (Hungary) are responsible for manufacturing TVs, and SEPM (Poland) is responsible for manufacturing home appliances.

In Asia, we have 22 overseas subsidiaries, including SAPL (Singapore), SEAU (Australia), SEPCO (Philippines), and SME (Malaysia), which are responsible for regional sales. In addition, we operate numerous production sites including SEV (Vietnam) for HHPs, SDMA (Malaysia) for TVs, and SIEL (India) for both TVs and HHPs.

We operate 32 subsidiaries in China, including regional sales operations in Beijing (SCIC) and Hong Kong (SEHK). We also operate production and processing facilities sites in Tianjin and Suzhou (TSTC, SSEC, and SESS). In addition, we have 24 production and sales subsidiaries across Africa, the Middle East and the CIS regions.

## [CE Division]

### □ Industry Overview

Since the development of black-and-white TVs in 1926 and subsequent mass production of Color TVs, technological development has led to products such as the Trinitron CRT (1967) and the flat CRT (1996). As the penetration rate in major countries reached over 90%, the CRT TV business became stagnant. The industry regained strong growth momentum following the launch of Flat Panel TVs (LCD, PDP) with the expansion of digital broadcasting (UK/US 1998~).

Flat panel TVs (“FP-TVs”) replaced the CRT driven by enhanced product performance with respect to design, picture quality, etc., and a sharp decline in prices. In addition, 3D TVs were launched in 2010, and the rise of internet video services (OTT, OVER-THE-TOP) along with increased consumer interest in smart devices from 2011 to 2012 led to the birth of the Smart TV market. In 2013, OLED and UHD TVs with innovatively high resolution were launched and the TV market continues to evolve.

In 2014, Annual TV shipment is expected to reach 232.51 million units, an increase 3.3% from the previous year. LCD-TV (including LED-TV) shipment is expected to be around 223.36 million units with an increase of 7.5% year-over-year, while PDP-TV shipment is expected to decline by 45.6% to 5.6 million units from the previous year (Source: Dec ‘14 Display Search).

### □ Market Condition

The trend towards large-size and high-resolution screens is accelerating due to intensified competition between manufacturers. Accordingly, market share of major manufacturers with high-quality products and brand power is increasing. In addition, as consumer demand for high-resolution and slim design increases, LED TVs, with eco-friendly LED back light units (“BLU”) which increases brightness and contrast as well as energy efficiency, has become the mainstream of the market.

The Company has focused on smart TV sales based on forecasts that consumers’ desire to acquire internet information from TVs will increase. The Company led the smart TV market in 2011 by launching smart TVs with various smart hub-based Apps and implementing a premium category sales strategy. In 2012, the Company introduced a new market trend with the introduction of the Smart Interaction™ system based on voice and gesture commands for convenient interaction with devices. In 2013, the Company introduced a system that recommends TV programs based on the user’s viewing history. In 2014, as competition among TV set makers accelerated in large-screen and high definition TVs, competitive products and strong brand power have become important factors in gaining and/or maintaining market share. Going forward, we expect this trend to continue in the global TV market, and with increasing customer demand for large-screen TVs with high definition, and expect that sales of ultra-high-definition (“UHD”) TVs will continue to increase.

#### < Market Share of the CE Division’s Main Product >

Product	2014	2013	2012
TV	22.6%	21.6%	21.1%

※ Market share data is from research agency *Display Search* (Global market share in quantity).

### □ Business Condition

We have maintained the top position in the Flat Panel TV market (in terms of market share) for nine consecutive years since 2006. In 2014, we introduced a variety of UHD TV products, offering differentiated benefits to our customers. Samsung UHD TVs, as the next step in the evolution of TVs, not only offers superior picture quality, but also supports upcoming UHD broadcasting standards through its Evolution Kit. Also, our Curved TV products, which offer a greater sense of depth and an immersive viewing experience, made our products unique and different. Thus, we were able to solidify our leadership in the premium TV market by expanding sales of UHD and Curved TVs.

We aim to maintain our leadership in the market in 2015 by focusing on new premium products such as SUHD TVs.

SUHD TVs, featuring our Nano Crystal technology, will offer superior picture quality in important material aspects including color, brightness, and contrast. Furthermore, most of our premium TV products, including SUHD TVs, will be offered as Smart TVs, and all our new Smart TV products will be equipped with: our own open-source platform, Tizen, to offer easy compatibility with other smart devices; fast and intuitive user interface for better user experience (“UX”); and customized contents and services.

**[IM Division]**

**□ Industry Overview**

A mobile phone is one of the most ubiquitous electronics devices. As of year-end 2014, the global penetration rate was 74%. In 2015, it is expected to reach 77%. (Source: Dec '14 Strategy Analytics)

The mobile phone industry started with the first generation analogue phones in the early 1980s. It evolved to second generation digital, and to third generation mobile communication standards such as WCDMA with high-speed data transmission. Today, fourth generation mobile communication technology with ultra-high-speed data transmission is becoming commonplace in the market. In particular, the LTE market is spreading to all parts of the world, and LTE-Advanced with higher speeds has been commercialized in Korea since June 2013 through cooperation between the Company and mobile communication carriers. Recently, the mobile phone market is changing rapidly around not only smartphone and tablet but also new hybrid product categories such as Galaxy Note. This puts emphasis on not only existing hardware competitiveness but also on software competitiveness including Application and UX that enables users to access useful information more conveniently.

**□ Market Condition**

In 2015, the HHP market is expected to reach 1.9 billion units with a growth of 5% from 1.8 billion in 2014. The smartphone market is expected to increase from 1.25 billion units in 2014 to 1.4 billion units in 2015 with a growth of 12% year over year.

The tablet market is expected to reach 290 million units (16% growth rate YoY) shipped in 2015 from 250 million units in 2014. (Source: Strategy Analytics – Mobile/Smartphone: Dec '14, Tablet: Nov.)

< Market share of the IM Division’s Main Product >

Product	2014	2013	2012
HHP	22.4%	26.8%	25.1%

※ Market share data is from research agency *Strategy Analytics* (Global market share in quantity).

**□ Business Condition**

The Company strengthened market leadership by maintaining its wide range of product lineup from premium to mass market models and by being at the forefront of new markets such as the LTE market. In particular, the Company has maintained its status as No.1 in terms of global smartphone market share, based on the success of flagship smartphones such as the Galaxy S series and Galaxy Note series.

Going forward, the Company will continue to solidify its market leadership in premium smartphones and tablets and create consumer demand with new products (such as Galaxy S, Gear VR, and Gear Circle) and advanced features (such as flexible displays). Furthermore, we will continue to strengthen the competitiveness of our strategic models to overcome unfavorable market conditions resulting from intensifying competition as more competitors enter the market with more products and lower prices. In addition, we will strive to become a company that consistently offers new value to customers by making strategic investments in mobile healthcare and B2B for future growth and by utilizing our R&D capacity that is the best in the industry.

## [DS Division]

### - Semiconductor

#### □ Industry Overview

In general, semiconductor is divided into memory semiconductor that stores information and system LSI (non-memory semiconductor) that logically processes information including mental calculation and inference. Memory semiconductor is divided into RAM products that can read and write and ROM products that can only read. RAM is called volatile memory as the information is deleted when power is off. It is used for temporary loading and storage of application programs.

There are various types of system LSI products for various applications. CPU (Central Processing Unit) for PCs and servers is the biggest market. System LSI products are used in many product categories such as household electronics, telecommunications, network, and games. The Company supplies its system LSI semiconductor products for use in media players including digital TVs, DVDs, and MP3s. The company also manufactures CMOS image sensors (“CIS”) for camera phones, Mobile APs for smartphones, and other customized system LSI semiconductor products.

The semiconductor industry is cyclical by nature, and imbalances between supply and demand frequently occur. Many manufacturers have not been able to maintain competitiveness during periods of global economic recession and oversupply, resulting in consolidation within the industry. Supply and demand volatility is expected to decrease as a result of increased demand for semiconductors in new smartphones, tablet PCs and servers.

#### □ Market Condition

Throughout 2014, PC DRAM prices remained strong amid stable supply and demand. In the fourth quarter of 2014, overall DRAM demand increased driven by new product launch, but supply did not increase due to difficulties in process migration. In the fourth quarter, while supply of PC DRAM increased, supply for high density server and mobile DRAM adapting advanced processes continued to be limited. NAND supply and demand condition has been improving since the second half of 2014 driven by an increase in NAND contents in new smartphones and adoption of solid state drives (“SSDs”).

#### < Market share of the Semiconductor Business' Main Product >

Product	2014	2013	2012
DRAM	40.9%	37.2%	42.1%

※ Market share data is from research agency IDC (Global market share in amount).

#### □ Business Condition

The Company was the first to develop and produce 20nm DRAM products and also secured technology and cost competitiveness ahead of competitors. In addition, the Company is solidifying its leadership position in the DRAM market by developing differentiated 20nm products and 10nm-class DRAM. For NAND, the Company is simultaneously developing and mass producing both planar and vertical NANDs, addressing customer demand in a timely manner. In particular, the Company is entering the premium market by adding vertical NAND, with technology that is one year ahead of competitors, to high-performance SSD. The Company is also expanding high-quality 3bit products to maximize cost competitiveness.

In 2015, the cloud server market and the mid-to-low end mobile markets are expected to grow. As such, the Company will expand differentiated products based on advanced processes and address each market segment with diverse product lineups to continue to lead the market as the No.1 memory maker.

## -DP Business Unit

### □ Industry Overview

Display products include TFT-LCD (Thin Film Transistor Liquid Crystal Display) and OLED (Organic Light Emitting Diode) panels.

TFT-LCD panel is a liquid crystal based display that consumes less electricity and features a thinner profile, while maintaining high resolution. It has a wide range of potential applications in devices of all sizes and functionality. The market growth rate has slowed down recently due to a reduction of replace demand for CRT monitors and high market penetration of LCD TVs.

OLED panels use organic materials which offer sharp contrast and color, high color concordance, and fast response rates. Such differentiating features provide advantages in smartphone products, and as a result the market demand for under 10” small-to-medium size displays has increased. In addition, OLED has recently made a foray into the high-end TV market.

The TFT-LCD and OLED businesses have high barriers to entry as they are capital intensive and need large-scale production to realize economies of scale. These types of businesses are generally sensitive to business fluctuations. Therefore, even if demand increases continuously, supply and demand balance tends to change regularly due to competitive investment in facilities by producers. Also, production capacity can sharply increase as producers invest in facilities contemporaneously as they compete with one another to address demand increase ahead of the competition. As such, when production capacity sharply increases, the average selling price (“ASP”) of panels may decrease. In contrast, when supply cannot meet increasing demand, ASP may increase.

### □ Market Condition

In 2015, supply and demand of large-size panels is expected to be solid driven by the trend towards large-screen TVs and continued growth of UHD TVs. However, there may be excess supply due to an increase in industry capacity in the second half.

For mobile devices, the product mix is expected to expand, particularly in the mid-range category. The trend toward higher resolution and larger size panels is expected to continue, while the demand for new product categories such as wearable devices is expected to increase.

< Market Share of the DP Business’ Main Product >

Product	2014	2013	2012
Display Panel	20.9%	20.4%	25.4%

※ Market share data is from *Display Search* (Global market share, large-size panel in [units shipped]).

### □ Business Condition

The Company is improving cost competitiveness through increasing production yields by developing advanced process technologies, developing high transmission panels, and internally producing core equipment. In addition, the Company continues to improve profitability through close collaboration with TV and smartphone manufacturers from R&D to production.

For its large-size panel business, the Company plans to improve profitability through increased cost competitiveness while meeting the demand for new premium products such as UHD TVs and Curved TVs.

For mobile, the Company plans to secure long-term growth momentum by expanding its customer base through enhanced cost competitiveness, and expansion of new product categories, including mid-range products and flexible ultra-high-resolution products.



## B. Financial Summary by Division

(Unit: KRW million, %)

Division	Classification	2014		2013		2012		
		Amount	Portion	Amount	Portion	Amount	Portion	
CE	Total sales	124,916,892	25.3%	125,088,762	22.4%	117,897,781	24.6%	
	Internal sales	74,733,757	25.9%	74,757,247	22.7%	66,792,679	24.0%	
	Net sales	50,183,135	24.3%	50,331,515	22.0%	51,105,102	25.4%	
	Operating profit	1,184,325	4.7%	1,673,343	4.5%	2,324,036	8.0%	
	Total asset	43,116,374	12.8%	47,183,953	14.9%	38,947,252	14.1%	
IM	Total sales	236,438,979	47.9%	299,161,654	53.6%	224,920,171	46.9%	
	Internal sales	124,674,435	43.3%	160,344,435	48.7%	119,075,488	42.8%	
	Net sales	111,764,544	54.2%	138,817,219	60.7%	105,844,683	52.6%	
	Operating profit	14,562,885	58.2%	24,957,741	67.8%	19,418,235	66.8%	
	Total asset	94,227,108	27.9%	86,132,881	27.1%	68,743,115	24.9%	
DS	Semi-conductor	Total sales	75,058,071	15.2%	70,908,145	12.7%	66,976,623	14.0%
		Internal sales	35,328,169	12.3%	33,471,566	10.2%	32,090,017	11.5%
		Net sales	39,729,902	19.3%	37,436,579	16.4%	34,886,606	17.3%
		Operating profit	8,776,442	35.1%	6,887,978	18.7%	4,173,730	14.4%
		Total asset	87,567,196	25.9%	76,224,096	24.0%	67,136,914	24.4%
	DP Business Unit	Total sales	52,227,615	10.6%	61,294,886	11.0%	69,359,762	14.5%
		Internal sales	26,500,446	9.2%	31,457,770	9.5%	36,360,406	13.1%
		Net sales	25,727,169	12.5%	29,837,116	13.0%	32,999,356	16.4%
		Operating profit	660,181	2.6%	2,980,563	8.1%	3,214,750	11.1%
		Total asset	46,826,533	13.8%	42,195,558	13.3%	41,429,074	15.0%
	Total	Total sales	131,459,756	26.6%	134,394,781	24.1%	136,724,256	28.5%
		Internal sales	65,669,950	22.8%	66,633,875	20.2%	68,436,962	24.6%
		Net sales	65,789,806	31.9%	67,760,906	29.6%	68,287,294	34.0%
		Operating profit	9,430,915	37.7%	10,000,665	27.2%	7,416,325	25.5%
		Total asset	160,138,321	47.4%	145,872,686	45.9%	130,371,546	47.3%

※ Restated on 2014 basis (presented on a consolidated basis). ※ Net sales reported here includes inter-divisional sales.

Cumulative Net sales for 2014 were KRW 206.206 trillion. By Division, CE reported KRW 50,183 billion (24.3%) and IM reported KRW 111,765 billion (54.2%). The DS Division contributed approximately 31.9% of net sales: KRW 39,730 billion (19.3%) by the Semiconductor Sub-Division and KRW 25,727 billion (12.5%) by the DP Business Unit.

Cumulative operating profit for 2014 was KRW 25.025 trillion. The IM Division accounted for 58.2% with KRW 14,563 billion and the DS Division accounted for 37.7% with KRW 9,431 billion.

## □ Reasonable Allocation of Common SG&A (Selling General & Administrative) Expenses and Assets

(1) For common SG&A expenses, specific expenses that are allocable to specific product/model are allocated to such product/model. However, common expenses that cannot be attributed to a specific product/model category are reasonably allocated throughout the Company based on an allocation standard (expense-to-sales ratio, number of personnel, etc.).

(2) For common assets, assets that can be directly allocated (inventory assets, fixed assets, investment assets, etc.) are allocated to the corresponding organizational unit. Assets that are commonly managed are allocated to each Division based on an allocation standard (expense-to-sales ratio, pre-tax profit, etc.).

## 2. Key Products and Services

### A. Revenue

In 2014, the CE Division's revenue of KRW 50,183 billion accounted for 24.3% of the total net revenue; the IM Division accounted for 54.2% with KRW 111,765 billion; and the DS Division accounted for 31.9% with KRW 65,790 billion.

The Company's net revenue by Division as of year-end 2014 are as follows:

(Unit: KRW 100 million, %)

Division		Major Products	Net Revenue	Portion
CE		TV, monitor, printer, air conditioner, refrigerator, washing machine, medical equipment, etc.	501,831	24.3%
IM		HHP, network system, computer, digital camera, etc.	1,117,645	54.2%
DS	Semiconductor	DRAM, NAND flash, Mobile AP, etc.	397,299	19.3%
	DP Business Unit	TFT-LCD, OLED, etc.	257,272	12.5%
	Sub-Total		657,898	31.9%
Others		-	-215,314	-10.4%
		Total	2,062,060	100.0%

※ Includes sales between Divisions (on consolidated basis).

☞ See 『5. Sales and Distribution』 for sales by each product.

### B. Average Selling Price (ASP) Changes

Throughout 2014, the ASP of TVs continued to decline from 2013. The ASP of HHPs declined slightly compared to 2013, while the ASP of memory products stabilized, declining only 14% from 2013, due to stable market demand and supply conditions. The downward momentum of the ASP of display panels continued, due to weak demand from China and developed markets.

### 3. Key Raw Materials

(On consolidated basis as of year-end 2014)

(Unit: KRW 100 million, %)

Division	Type	Item	Specific usage	Purchase price	Portion	Note (supplier)
CE	Raw materials	Display panel	Color picture signaler	39,249	18.0%	CMI, AUO, etc.
	Raw material	Others		178,666	82.0%	
		Division Total		217,915	100.0%	
IM	Raw material	Mobile display panel	Color picture signaler	49,043	12.0%	Iljin Display, etc.
	Raw material	Baseband Chip	CPU	48,375	11.8%	Qualcomm, etc.
	Raw material	Others		312,900	76.2%	
		Division Total		410,318	100.0%	
DS	Raw material	Glass	Glass substrate for display	18,392	9.2%	Corning Precision Materials, etc.
	Raw material	POL	Polarizer plate	18,880	9.4%	Dongwoo Fine-Chem, NITTO, etc.
	Raw material	Window	Tempered glass	12,435	6.2%	BIEL, etc.
	Raw material	Others		150,272	75.2%	
		Division Total		199,979	100.0%	
		Others		444	-	
		Total		828,656	-	

For the CE Division, key raw materials include display panels for TVs and monitors and PDP modules. For the IM Division, key raw materials include display panels for mobile devices and baseband chips. For the DS Division, key raw materials include glass, polarizers (“POL”) and wafers.

Large display panels for TVs and monitors are supplied by Cummins (CMI) and AU Optronics (AUO) (among others), mobile display panels are supplied by Iljin Display, and baseband chips are supplied by the System LSI business unit and Qualcomm. The Company manufactures display panels with glass and POLs supplied by Samsung Corning and Dongwoo Fine-Chem.

#### (Raw Materials Price Trends)

The price of TV and monitor display panels, which are the major raw materials for the CE Division, declined 11% on average since 2013 due to oversupply from increased capacity and improved productivity. For the IM Division, since 2013, the price of mobile display panels declined by 8%, and the price of baseband chips increased by 7%. For the DS Division, the price of raw materials continues to decrease. Also, since 2013, the price of semiconductor wafer has declined by 17% and the price of glass for display panels has declined by 16%.

## 4. Production and Facilities

### A. Production Capacity, Output, Utilization Rate

#### (Capacity)

(Unit: 1,000)

Division	Item	2014	2013	2012
		Quantity	Quantity	Quantity
CE	TV	62,990	53,102	53,375
IM	HHP	523,750	556,600	461,950
DS	Memory	173,506,000	116,909,000	80,159,000
	Display Panel	9,185	8,260	9,218

※ Global production capacity for major product categories

The CE and IM Divisions' production capacity, by major product, is calculated as follows:

The average number of lines (x) the average output per hour (x) the average operation hours per day (x) the days of operation

Memory production capacity for the DS Division is calculated as follows:

Converted output (1GB equivalent) ÷ the utilization rate.

Display panel production capacity is calculated as follows:

The total producible panel surface area ÷ the dimensions of eighth generation glass (2200x2500mm)

#### (Output)

(Unit: 1,000)

Division	Item	2014	2013	2012
		Quantity	Quantity	Quantity
CE	TV	55,066	47,527	48,357
IM	HHP	439,520	499,480	416,632
DS	Memory	173,506,000	116,909,000	80,159,000
	Display Panel	8,252	7,340	7,800

※ Global output for major product categories

In 2014, the CE Division's output of TVs was 55.066 million units (major production sites: Korea, China, Mexico, Brazil, and Hungary). The IM Division's output of HHPs was 439.520 million units (major production sites: Korea, China, Vietnam, and Brazil). The DS Division's memory output (1GB equivalent) was 173,506 million (major production sites: Korea and China). The DS Division's output of display panels was 8.252 million units (major production sites: Korea, China, and Slovakia).

**(Utilization Rate)**

(Unit: 1,000)

Division	Item	2014 Production capacity	2014 Actual output	Utilization Rate
CE	TV	62,990	55,066	87.4%
IM	HHP	523,750	439,520	83.9%

In 2014, CE and IM utilization rates were calculated as actual output relative to production capacity. TV is 87.4% and HHP is 83.9%.

(Unit: hours)

Division	Item	2014 Potential Production Time	2014 Actual Production Time	Utilization Rate
DS	Memory	50,400	50,400	100.0%
	Display Panel	87,600	85,384	97.5%

The DS Division operates memory and display panel production in three shifts (24 hours a day). Cumulative operating days in 2014 including holidays were 365 days. The utilization rate was calculated as actual hours [365 days (x) number of production lines (x) 24 hours] relative to production capacity.

## B. Production Facilities and Investment

### (1) Key facilities for production and operation

The Company's operational activities include manufacturing, development, marketing, and sales in Korea – including operations in Seocho, Seoul, Suwon, Gumi, Giheung, Onyang, Gwangju – and 9 regional headquarters under the CE and IM Divisions and 5 under the DS Division in North America, Europe, and China.

[Operations]

Region	Headquarters	Location
Korea (10)	Seocho	Seoul, Korea
	Suwon	Suwon, Korea
	Gumi1	Gumi, Korea
	Gumi2	Gumi, Korea
	Giheung	Yongin, Korea
	Onyang	Asan, Korea
	Hwaseong	Hwaseong, Korea
	Gwangju	Gwangju, Korea
	Cheonan	Cheonan, Korea
	Asan	Asan, Korea
Overseas (9 Regional Headquarters for CE and IM Divisions)	North America	New Jersey, US
	Europe	London, UK
	China	Beijing, China
	Southeast Asia	Singapore, Singapore
	Southwest Asia	New Delhi, India
	CIS	Moscow, Russia
	Middle East	Dubai, UAE
	Africa	Johannesburg, Republic of South Africa
	Latin America	Sao Paulo, Brazil
Overseas (5 Regional Headquarters for DS Division)	Americas	San Jose, US
	Europe	Eschborn, Germany
	China	Shanghai, China
	Southeast Asia	Singapore
	Japan	Tokyo, Japan

The Company's property, plant and equipment include land, buildings and structures, machinery and equipment, and construction in progress. As of year-end 2014, their total book value is KRW 80,873 billion, which is an increase of KRW 5.377 trillion from year-end 2013. In 2014, new acquisitions of KRW 23,435 billion and depreciation of KRW 16,910 billion were recorded.

(Unit: KRW million)

Classification		Land	Buildings and Structures	Machinery and Equipment	Construction in -progress	Others	Total
At 1 January 2014	Book value	7,429,287	15,715,064	36,498,478	13,840,172	2,013,387	75,496,388
	Acquisition cost	7,429,287	23,375,035	118,621,699	13,840,172	5,518,351	168,784,544
	Accumulated depreciation (Including accumulated impairment loss)	-	(7,659,971)	(82,123,221)	-	(3,504,964)	(93,288,156)
Increase (Decrease)	General acquisition and capital expenditure	357,794	3,595,210	16,048,623	2,476,963	956,520	23,435,110
	Acquisition as a result of business combination	-	-	-	-	940	940
	Depreciation	-	(1,305,220)	(14,729,718)	-	(875,088)	(16,910,026)
	Disposal/Discard	(67,001)	(457,634)	(193,077)	(44,883)	(71,550)	(834,145)
	Damage	-	(2,280)	(173,140)	-	(6,710)	(182,130)
	Others	(9,728)	53,407	300,724	(439,945)	(37,645)	(133,187)
Balance at 31 Dec 2014	Book value	7,710,352	17,598,547	37,751,890	15,832,307	1,979,854	80,872,950
	Acquisition cost	7,710,352	26,474,937	127,603,897	15,832,307	5,664,513	183,286,006
	Accumulated depreciation (Including accumulated impairment loss)	-	(8,876,390)	(89,852,007)	-	(3,684,659)	(102,413,056)

※ Others: Includes effects of changes in FX rates and changes in the scope of consolidated financial statements.

※ Market value of major tangible assets is omitted as objective assessment is difficult.

※ Property, plant, and equipment above is presented on a consolidated basis.

## (2) CAPEX

During 2014, the Company invested KRW 23.4 trillion in CAPEX, including upgrading production lines of the Semiconductor Sub-Division and the DP Business Unit. The total CAPEX for 2015 is expected to increase compared to the previous year, although this is subject to change depending on changes in the business environment and market conditions.

### [CAPEX by Division]

(Unit: KRW 100 million)

Business	Purpose	Period	Assets	Investment in 2014
Semiconductor	Establishment, addition, upgrade	Jan '14 ~ Dec '14	Buildings, facilities	143,156
DP Business Unit	Establishment, addition, upgrade	Jan '14 ~ Dec '14	Buildings, facilities	39,846
Others	Others	Jan '14 ~ Dec '14	Buildings, facilities	51,349
	Total			234,351

## 5. Sales and Distribution

### A. Sales

In 2014, the Company recorded KRW 206,206 billion of total revenue, a decline of 9.8% from the prior year. By Division, from 2013, the CE Division's revenue decreased by 0.3%, the IM Division's revenue decreased by 19.5%, and the DS Division's revenue decreased by 2.9%.

(Unit: KRW 100 million)

Division		Sales types	Product categories	2014	2013	2012
CE		Goods Products Service Others	TV, monitor, printer, air conditioner, refrigerator, washing machine, medical equipment	501,831	503,315	511,051
IM		Goods Products Service Others	HHP, Network System, Computer, Digital camera	1,117,645	1,388,172	1,058,447
DS	Semiconductor	Goods Products Service Others	DRAM, NAND Flash, Mobile AP	397,299	374,366	348,866
	DP Business Unit	Goods Products Service Others	TFT-LCD, OLED	257,272	298,371	329,994
	Division total			657,898	677,609	682,873
Others		Other revenue	-	-215,314	-282,169	-241,335
Total				2,062,060	2,286,927	2,011,036

※ Includes internal sales between Divisions.

※ Represented on 2014 basis.

### □ Sales by Major Product

(Unit: KRW 100 million)

Classification	2014	2013	2012
TV	324,486	331,207	350,381
Mobile Devices	1,074,149	1,353,537	1,032,875
Memory	293,244	237,146	208,640
Display Panel	257,272	298,371	329,994

※ Including internal sales between Divisions.

※ Represented on 2014 basis.



## □ Sales by Type

(Unit: KRW 100 million)

Classification	2014	2013	2012
Products	2,036,716	2,252,839	1,926,709
Service and other Sales	25,344	34,088	84,327
Total	2,062,060	2,286,927	2,011,036

※ Other sales consists of royalty income and rental income.

## □ Sales by Region (on a Parent Company Financial Statement Basis)

(Unit: KRW 100 million)

Classification	2014	2013	2012
Korea	153,247	172,004	204,703
Americas	433,940	442,526	315,846
Europe	208,982	335,645	312,650
Asia and Africa	298,140	341,059	290,832
China	283,946	292,487	288,033
Total	1,378,255	1,583,721	1,412,064

## B. Sales Channels

### □ Korea

Seller	Sales Channel	Consumer	
Manufacturer (Facility)	Retailer	Consumer	
	Distributor (General Merchandise Store, Discount Store, Department Store, Home-Shopping, Internet)		
	Retailer		Cooperative Joint Market, Sales Shop, Open Stores
	Telecommunication Service Provider (SKT, KT, LG U+)		
	Direct Sales		

### □ Overseas

Seller	Sales Channel	Consumer			
Production Subsidiaries	Regional Sales Office	Retailer	Consumer		
		Dealer		Retailer	
		Distributor		Dealer	Retailer
		Telecommunication Service Provider			
	Regional Distribution Office	Regional Sales Office		Retailer	
				Dealer	Retailer
		Distributor		Dealer	Retailer
	Direct Sales				

### □ Sales Ratio by Channel

Channel	Wholesale	Retail	Special/direct sale	Others
Ratio	34%	26%	35%	5%

※ On a global basis

## C. Sales Methods and Conditions

### Domestic

Classification	Channel	Collection	Incidental expense sharing
Exclusive	Agency	- Credit agreement (Cash, 30 day credit) (Credit applied within 100% of collateral)	- Case specific cost sharing as determined by mutual agreement
Distributor	General Merchandise Store, Discount Store, Department Store, Home Shopping, Internet	Case specific and contract specific	- Case specific cost sharing as determined by mutual agreement
Special/direct sale	Corporate Clients, etc.	Case specific and contract specific	N/A

### Overseas

Classification	Channel	Collection	Incidental expense sharing
Retailer	Retail store	Case specific and contract specific	- Case specific cost sharing as determined by mutual agreement
Dealer	General merchandise store, Discount store, Department store	Case specific and contract specific	- Case specific cost sharing as determined by mutual agreement
Distributor	Direct sales to local distributors	Case specific and contract specific	- Case specific cost sharing as determined by mutual agreement
B2B	Corporate Clients, etc.	Case specific and contract specific	N/A

## D. Sales Strategy

- Expand market leadership based on smart devices
- Provide differentiated value to customers through brand, products, and service
- Strengthen operational capabilities for customer/market
- Enhance sales capabilities

## E. Major Customers

During 2014, major customers included Apple, Deutsche Telekom, Ingram Micro, Sprint and Verizon. Sales to our five major customers accounted for about 13% of total sales.

## 6. Long-term Contracts

N/A

## 7. Financial Risk Management

The Company's financial risk management focuses on minimizing market risk, credit risk, and liquidity risk arising from operating activities. To mitigate these risks, the Company implements and operates a financial risk policy and program that closely monitors and manages such risks.

The finance team mainly carries out the Company's financial risk management. With the cooperation of the Company's Divisions, domestic and foreign subsidiaries, the finance team periodically measures, evaluates and hedges financial risks and also establishes and implements global financial risk management policies.

Financial risk management officers are dispatched to the regional headquarters of located in the US, UK, Singapore, China, Japan, Brazil and Russia to oversee application of global financial risk management policies at the local finance centers.

Financial assets subject to the Company's financial risk management are as follows: cash and cash equivalents, short-term financial instruments, available-for-sale financial assets, trade, and other receivables, and other financial assets. The Company's financial liabilities subject to financial risk management are as follows: trade and other payables, borrowings, debentures, and other financial liabilities.

### A. Market Risk

#### (1) Foreign Exchange Risk

The Company is exposed to foreign exchange risk arising from various currency exposures due to global operations. The Company is mostly exposed to foreign currency volatility due to exchange positions of currencies, including the US Dollar, Euro, Japanese Yen, and Chinese Yuan.

To minimize foreign exchange risk arising from operating activities, the Company's foreign exchange management policy requires normal business transactions (including imports and exports) to be in the local currency or for the cash-in currency to be matched with the cash-out currency. The Company's foreign exchange risk management policy also defines foreign exchange risk, measuring period, ownership responsibilities, management procedures, hedging period and hedge ratio.

The Company prohibits all speculative foreign exchange transactions. The Company has established a global foreign exchange system to manage exposures related to receivables and payables denominated in foreign currencies.

The foreign currency exposure to financial assets and liabilities of a 5% currency rate change against the Korean won (KRW) are presented below:

(Unit: KRW million)

Classification	Year-End 2014		Year-End 2013	
	Appreciation	Depreciation	Appreciation	Depreciation
USD	(171,265)	171,265	8,472	(8,472)
EUR	(36,381)	36,381	9,136	(9,136)
JPY	(42,529)	42,529	(45,131)	45,131

## (2) Risk of Volatility in Equity Securities Held as Investment

The Company's investment portfolio consists of direct and indirect investments in equity securities and is classified as available-for-sale, which is in line with the Company's strategy.

As of December 31, 2014 and December 31, 2013, a price fluctuation in relation to marketable equity securities by 1% would result in changes in other comprehensive income (before income tax) of KRW 57,768 million and KRW 43,993 million, respectively.

## (3) Interest Rate Risk

Risk of changes in interest rate for a floating interest rate financial instrument is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates and the risk that cash flows from investing/financing activities will fluctuate with changes in interest gain/loss. The Company is exposed to interest rate risk mainly through interest bearing liabilities and assets. The Company has policies to minimize uncertainty and expenses from changes in interest rates. In order to minimize interest rate related risks, the Company minimizes external borrowings by facilitating cash pooling systems on a regional and global basis. The Company manages its exposure to interest rate risks by regularly monitoring risk factors and timely resolution, and prevention, of issues.

The sensitivity risk of the Company is determined based on the following assumptions:

- Changes in market interest rates that could impact the interest income and expenses of floating interest rate financial instruments

Based on the above assumption, changes to profit and net equity as a result of a 1% increase in interest rates on borrowings are presented below:

(Unit: KRW million)

Classification	Year-End 2014		Year-End 2013	
	Interest Rate Increase	Interest Rate Decrease	Interest Rate Increase	Interest Rate Decrease
Financial Assets	52,977	(52,977)	46,025	(46,025)(46,025)
Financial Liabilities	(30,722)	30,722	(22,942)	22,94222,942
Net Effect	22,255	(22,255)	23,083	(23,083)(23,083)

## B. Credit Risk

Credit risk arises during the normal course of transactions and investing activities where clients or other parties fail to discharge an obligation. The Company actively monitors its credit risk on a regular basis and determines a counterparty's credit limit periodically based on the counterparty's financial conditions, default history, and other important factors.

Credit risk can arise from transactions with financial institutions which include financial instrument transactions such as cash and cash equivalents, savings, and derivative instruments. To minimize such risk, the Company transacts only with banks that have strong international credit ratings (S&P A and above), and all new transactions with financial institutions with no prior transaction history are approved, managed and monitored by the Company's finance team and the local

finance center. The Company requires separate approval for contracts with restrictions.

Most of the Company's trade receivables are adequately insured to manage any risk, therefore, the Company estimates its credit risk exposure to be limited. The Company estimates that its maximum exposure to credit risk is the carrying value of its financial assets, net of impairment losses.

### C. Liquidity Risk

Due to large investments made by the Company, maintaining adequate levels of liquidity is critical. The Company strives to achieve this goal by periodically forecasting its cash flow, estimating required cash levels, and managing income and expenses.

The Company manages its liquidity risk by periodically forecasting projected cash flows. If abnormal signs are identified, the Company works with the local finance center and provides liquidity support by utilizing globally integrated finance structures such as cash pooling. In addition, the Company maintains a liquidity management process which provides additional financial support through the local finance center and the Company when necessary. The cash pooling program allows sharing of surplus funds among entities and contributes to minimizing liquidity risk and strengthening the Company's competitive position by reducing capital operation expenses and finance expenses.

In addition, the Company mitigates liquidity risk by contracting with financial institutions with respect to bank overdrafts and foreign trade finance and by providing payment guarantees to subsidiaries. For large scale facility investments, liquidity risk is minimized by utilizing internal reserves and long term borrowings according to the capital injection schedule.

As of year-end 2014, financial liabilities classified according to remaining term until the expiration date is as follows:

#### (1) Year-End 2014

(Unit: KRW million)

	Under 3 mo.	~6 mo.	~1yr	1~5 yrs	Over 5 yrs
Financial liabilities	34,502,783	706,077	3,528,699	3,994,862	106,857

#### (2) Year-End 2013

(Unit: KRW million)

	Under 3 mo.	~6 mo.	~1yr	1~5 yrs	Over 5 yrs
Financial liabilities	33,862,896	1,095,285	4,806,477	2,564,769	65,772

The above financial liabilities were classified according to the remaining term until the expiration date from the Reporting Date. The cash flows included were not discounted to present value. Please note, as expiry of derivatives bought and sold is not necessary for understanding liquidity requirements in a given period, its fair value of KRW 78,348 million (year-end 2013: KRW 244,172 million) is included in the "under 3 mo." figure. These derivatives contracts are managed based on their fair value rather than expiration. Cash-settled derivatives are composed of currency forwards used for managing the Company's exchange rate fluctuations.

The maximum amount of liquidity exposure from payment guarantees and performance guarantees of affiliates other than

the above financial liabilities is KRW 115,211 million (year-end 2013: KRW 183,644 million).

## D. Capital Risk Management

The purpose of capital management is to maintain a healthy capital structure. The Company uses debt ratio as an indicator and measure of an appropriate capital structure. The debt ratio is calculated by dividing total liabilities by total equity in the consolidated financial statements.

The Company's capital risk management policy has not changed since the fiscal year ended December 31, 2013. The Company has maintained A+ and A1 credit ratings from S&P and Moody's, respectively.

The total liabilities to equity ratio as of year-end 2014 and year-end 2013 are as follows:

(Unit: KRW million)

	December 31, 2014	December 31, 2013
Total liabilities	62,334,770	64,059,008
Total equity	168,088,188	150,016,010
Total liabilities to equity ratio	37.1%	42.7%

## E. Fair Value Measurement

- Carrying amounts and fair values of financial instruments by category as of December 31, 2014 and December 31, 2013 are as follows:

(Unit: KRW million)

Classification	December 31, 2014		December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents	16,840,766	(1)	16,284,780	(1)
Short-term financial instruments	41,689,776	(1)	36,722,702	(1)
Short-term available-for-sale financial assets	3,286,798	3,286,798	1,488,527	1,488,527
Trade and other receivables	24,694,610	(1)	24,988,532	(1)
Long-term available-for-sale financial assets <sup>(2)</sup>	12,667,509	12,272,756	6,238,380	5,850,155
Other	4,762,971	4,725,263	5,472,956	5,436,470
<b>Total Financial assets</b>	<b>103,942,430</b>		<b>91,195,877</b>	
<b>Financial liabilities</b>				
Trade payables	7,914,704	(1)	8,437,139	(1)
Short-term borrowings	8,029,299	(1)	6,438,517	(1)
Other payables	9,258,344	(1)	7,877,581	(1)
Current portion of long-term borrowings	1,778,667	(1)	2,425,831	(1)
Debentures	1,355,882	1,377,113	1,311,068	1,327,569
Long-term borrowings	101,671	82,271	985,117	971,844
Long-term other payables	2,520,277	2,606,179	1,023,714	1,090,580
Other	11,474,129	(1)	10,862,512	(1)
<b>Total Financial liabilities</b>	<b>42,432,973</b>		<b>39,361,479</b>	

<sup>1</sup> Assets and liabilities whose carrying amounts are reasonable approximations of their fair value are excluded from the fair value disclosures.

<sup>2</sup> Amount measured at cost (2014: KRW 394,753 million and 2013: KRW 388,225 million) is excluded, as the range of reasonable fair value estimates are significant and the probabilities of the various estimates cannot be reasonably assessed.



The following table presents the fair value of assets and liabilities, by Level (as defined below), measured as of the dates indicated:

(In millions of Korean won)	As of December 31, 2014			Total balance
	Level 1	Level 2	Level 3	
Short-term available-for-sale financial assets	1,016,878	2,269,920	-	3,286,798
Long-term available-for-sale financial assets <sup>1</sup>	5,776,836	3,050,338	3,445,582	12,272,756
Other		45,898	102,513	148,411
<b>Total assets</b>				
Other	-	78,348	-	78,348
<b>Total liabilities</b>	-			

(In millions of Korean won)	December 31, 2013			Total balance
	Level 1	Level 2	Level 3	
Short-term available-for-sale financial assets	1,257,492	231,035	-	1,488,527
Long-term available-for-sale financial assets <sup>1</sup>	4,399,314	957,463	493,378	5,850,155
Other	-	40,552	-	40,552
<b>Total assets</b>				
Derivatives	-	244,172	-	244,172
<b>Total liabilities</b>				

<sup>1</sup> Amount measured at cost (December 31, 2014: KRW 394,753 million, December 31, 2013: KRW 388,225 million) is excluded, as the range of reasonable fair value estimates are significant and the probabilities of the various estimates cannot be reasonably assessed.

The levels of the fair value hierarchy (based on characteristics of the input variables) and its application to financial assets and liabilities are described below.

- Level 1: Quoted market prices (unadjusted) for identical assets or liabilities
- Level 2: Fair valuation based on inputs that are observable in the market  
(Other than quoted prices included within Level 1)
- Level 3: Fair valuation based on inputs that are unobservable in the market

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments in Level 1 include listed equity investments classified as trading securities or available-for-sale financial assets.

The fair value of financial instruments that are not traded on an active market (for example, over-the-counter derivatives) is determined using valuation models. These valuation models maximize the use of observable market data where it is available and rely as little as possible on entity specific information. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

The Company performs fair value measurements required for financial reporting purposes, including Level 3 fair values, and discusses valuation processes and results at least once every quarter in line with the Company's quarterly reporting dates. The Company recognizes changes in Levels at the end of the reporting period, if corresponding events or changes in circumstances necessitating such reclassification have occurred.

Specific valuation methods used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign exchange forward contracts is determined using, among other things, forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.

Other methods, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. For trade and other receivables, the book value approximates a reasonable estimate of fair value.

#### - Valuation Methods and Inputs

- The Company utilizes a present value method to discount future cash flows at a proper interest rate for corporate bonds, government and public bonds, and bank debentures that are classified as Level 2 in the fair value hierarchy.
- The following table presents the valuation methods and inputs used for major financial instruments classified as Level 3.

(In millions of Korean won)				
Classification	Fair Value	Valuation Technique	Level 3 Inputs	Input Range (Weighted Average)
<b>Long-term available-for-sale financial assets</b>				
Taewon Electric	17,094	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00% ~ 1.00% (0%) 7.76% ~ 9.76% (8.76%)
Samsung Venture Investment	6,586	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00% ~ 1.00% (0%) 7.74% ~ 9.74% (8.74%)
Samsung General Chemicals	100,051	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00% ~ 1.00% (0%) 10.48% ~ 12.48% (11.48%)
Coming Incorporated convertible preferred stock	3,106,332	Trinomial model	Risk adjusted discount rate Price volatility	4.96% ~ 6.96% (5.96%) 30.50% ~ 36.50% (33.50%)
<b>Derivatives</b>				
Embedded derivatives (convertible bonds)	2,462	Binomial model	Discount rate Stock price volatility	5.16% ~ 10.30% (7.78%) 11.88% ~ 17.60% (14.53%)

### - Changes in Level 3 Instruments:

(In millions of Korean won)	2014	2013
Balance as of January 1	493,378	389,195
Purchases	2,586,120	151,741
Disposals	(97,487)	(46,357)
Amount recognized in profit or loss	(67,581)	(5,177)
Amount recognized in other comprehensive income	646,856	2,615
Other	(13,191)	1,361
Balance as of December 31	3,548,095	493,378

### - Sensitivity Analysis for Recurring Fair Value Measurements Categorized within Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by inputs that are unobservable in the market, using a statistical technique. When the fair value is affected by two or more input variables, such fair value is calculated using the most favorable or most unfavorable input values.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each type of financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, are as follows:

(In millions of Korean won)	Favorable Changes		Unfavorable Changes	
	Profit or Loss	Equity	Profit or Loss	Equity
Long-term available for sale financial assets <sup>1</sup>	-	231,909	-	(225,568)
Embedded derivatives (convertible bonds) <sup>2</sup>	466	466	(475)	(475)
Total	466	232,375	(475)	(226,043)

<sup>1</sup> Changes in the fair value of convertible preferred stock have been calculated by increasing or decreasing the correlation between volatility (30.50% ~ 36.50%) and the discount rate. Similarly, for other equity securities, changes in fair value have been calculated by increasing or decreasing the correlation between growth ratio (-1% ~ 1%) and the discount rate, which are significant unobservable inputs.

<sup>2</sup> For equity derivatives, changes in fair value have been calculated by increasing or decreasing the correlation between stock prices and volatility by 10%.

- As of December 31, 2014, assets and liabilities that are not measured at fair value but whose fair value is disclosed are as follows:

[Unit : KRW million]

Classification	Book value	Year-End 2014			
		Level 1	Level 2	Level 3	Total
(1) Assets					
Other non-current assets	4,614,560	-	4,576,852	-	4,576,852
(2) Liabilities					
Debentures	1,355,882	-	1,377,113	-	1,377,113
Long-term borrowings	101,671	-	82,271	-	82,271
Long-term other payables	2,520,277	-	2,606,179	-	2,606,179

[Unit : KRW million]

Classification	Book value	Year-End 2013			
		Level 1	Level 2	Level 3	Total
(1) Assets					
Other non-current assets	5,432,404	-	5,395,918	-	5,395,918
(2) Liabilities					
Debentures	1,311,068	-	1,327,569	-	1,327,569
Long-term borrowings	985,117	-	971,844	-	971,844
Long-term other payables	1,023,714	-	1,090,580	-	1,090,580

The Company utilizes a present value method to discount future cash flows by utilizing an appropriate interest rate for the above assets and liabilities that are classified as Level 2 in the fair value hierarchy.

## 8. Derivative Instruments and Put Options

The Company holds convertible bonds in several companies, including FTS, as well as bonds with warrants of Shinwha Intertek Co., Ltd.

(A) The value of derivative instruments as of year-end 2014 is presented below:

(Unit: KRW million)

	Asset	Liabilities	Valuation Gain	Valuation Loss
Put options	8,844	-	-	10,778
Total	8,844	-	-	10,778

※ The option values were calculated using appropriate valuation methodologies, including the Black-Scholes model

(B) To manage foreign exchange risk, the Company's subsidiaries hedge their foreign currency positions by trading currency forward contracts of such currencies. Overseas subsidiaries buy or sell currency forwards with less than one year maturity through a bank to minimize such risks.

The Company holds convertible preferred shares of Corning Incorporated and its value as of year-end 2014 is as follows.

(Unit: KRW million)

	Purchasing Price	Fair Value	Valuation Gain	Valuation Loss
Convertible preferred Stocks	2,434,320	3,106,332	672,012	-

※ Fair value determined using Trinomial Tree model

(C) Currency forwards as of year-end 2014 are as follows.

(Unit: KRW million)

	Asset	Liabilities	Valuation Gain	Valuation Loss
Currency forwards	45,775	78,311	44,308	74,023
Total	45,775	78,311	44,308	74,023

## 9. Major Contracts

Account	Item	Contents
Ericsson	Contract type	Patent cross-license agreement
	Contract date	2014.01.25
	Purpose and contents	Secure operational advantage through mutual patent licensing
Google	Contract type	Patent cross-license agreement
	Contract date and period	2014.01.25 / indefinite term
	Purpose and contents	Secure business freedom through mutual patent licensing
	Others	Permanent license contract (including patent applications in the next 10 years)
Cisco	Contract type	Patent cross-license agreement
	Contract date	2014.01.23
	Purpose and contents	Secure business freedom through mutual patent licensing
Global Foundries Inc.	Contract type	Process technology license contract
	Contract date	2014.02.28
	Purpose and contents	Expand customer base of 14nm process
InterDigital	Contract type	Patent license agreement
	Contract date	2014.06.03
	Purpose and contents	Secure business freedom through patent licensing
Microsoft	Contract type	Settlement Agreement
	Contract date	-
	Purpose and contents	End dispute over royalty payment

※ Information that may be referenced or used in other IP disputes, including contract amount, is not included.

## 10. Research and Development Activities

### A. Summary of Activities and R&D Expenditures

The Company is leading the global market by continuously developing creative and innovative products and the future technology through shifting its way of thinking and understanding customer demand.

The Company is currently developing creative and innovative products and doing its utmost to cement its position in the world IT industry and become a truly Leading Company that leads world's industrial technology by securing next-generation and original technology.

#### [R&D expenses]

(Unit: KRW million)

		2014	2013	2012
Total R&D expenditure		15,325,507	14,780,432	11,892,434
Accounting	Capitalization of development expenses (intangible asset)	940,001	461,030	359,639
	R&D costs (expenses)	14,385,506	14,319,402	11,532,795
R&D expenses/sales Ratio		7.4%	6.5%	5.9%

※ On a consolidated basis (in conformity with K-IFRS)

As of December 31, 2014, the Company's R&D expenses were KRW 15,326 billion, a 3.7% YoY basis. The Company capitalized KRW 940 billion and recognized KRW 14,386 billion as current expenditure.

### B. R&D Organization and Operations

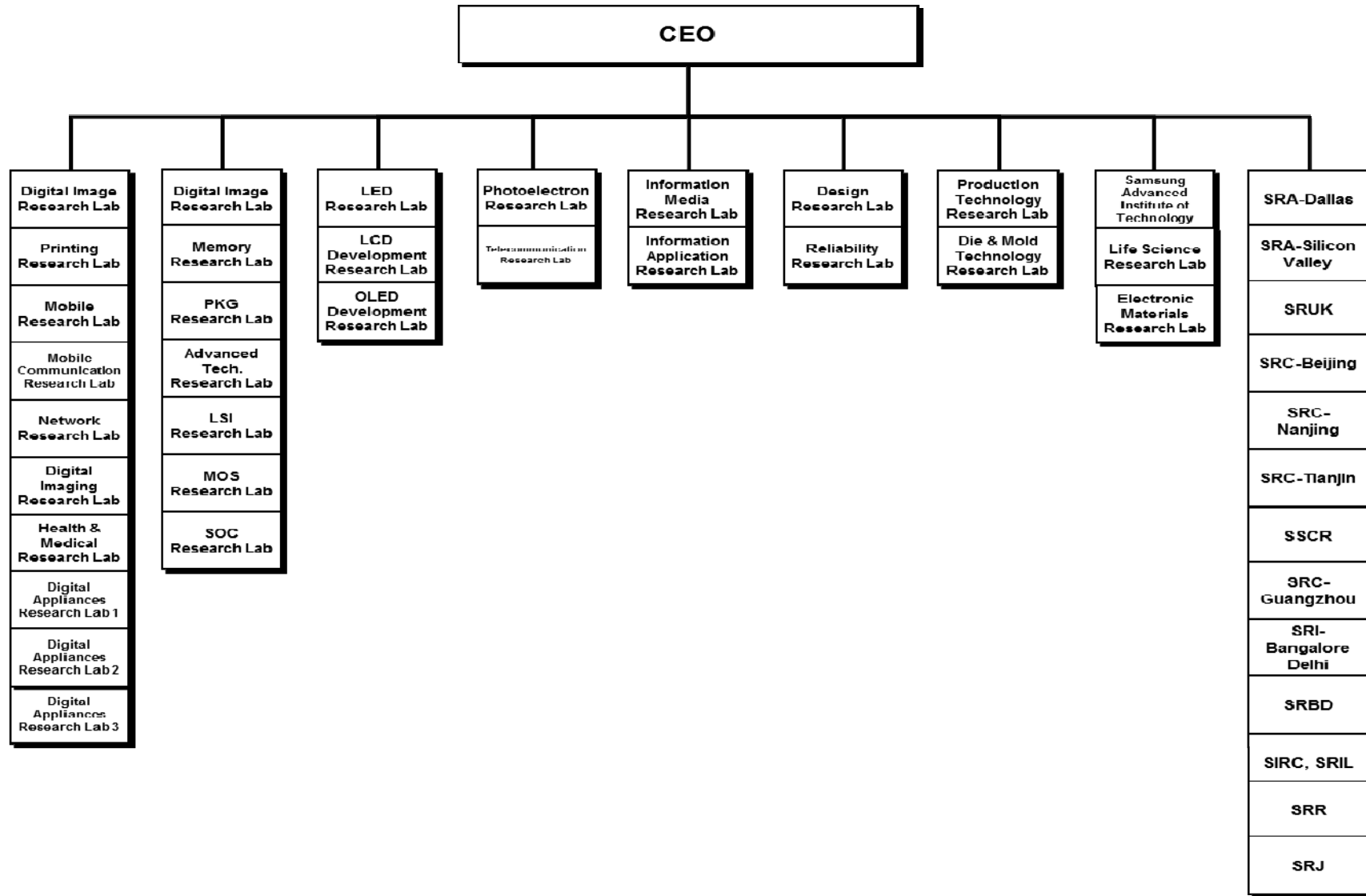
#### Korea

The Company operates three levels of R&D organizations; a business unit development team under each Division that develops market ready technologies with a 1-2 year outlook, a research institute under each business unit that develops mid-to-long term technology with a 3-5 year outlook, and the Samsung Advanced Institute of Technology that develops core technology as seeds for future growth engines.

Samsung Advanced Institute of Technology is the central research institute of Samsung Electronics that has been established to lead the future and serve as an incubator of cutting-edge technology. It has a creative R&D system and provides R&D direction for promising growth sectors at the Company level, exploring future growth engines and strengthening technological competitiveness of core businesses.

#### Overseas

The Company operates R&D organizations in the US (SRA-Silicon Valley and SRA-Dallas), the UK (SRUK), Russia (SRR), Israel (SRIL and SIRC), India (SRI-Bangalore and SRI-Delhi), Japan (SRJ), China (SSCR, SRC-Beijing, SRC-Nanjing, SRC-Tianjin, and SRC-Guangzhou) to carry out research activities for product development and basic technological research.



※ As of December 31, 2014

※ Refer to 『G. Subsidiaries subject to consolidation』 in 『I. Corporate Overview』 for more details about overseas R&D organizations.



## C. R&D Results

Research Project	Research Results and Expected Effect	In case applied to a product, name of the product and application
Smart TV monitor	<ul style="list-style-type: none"> <li>□ Smart Monitor (TB750, 24"/27)</li> <li>- Support mobile device connectivity via MHL</li> <li>- Support wireless transmission of picture via WiFi</li> <li>- Can use smart hub and smart TV apps</li> <li>- AllShare and Connect Share functions</li> <li>- 7W x 2 Ch speaker</li> <li>- Asymmetric slim design</li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Americas/Europe/ domestic, etc.</li> <li>□ Launch: Feb '12</li> </ul>
Set-Top Box for Virgin Media	<ul style="list-style-type: none"> <li>□ Supply set-top boxes for UK Virgin Media</li> <li>- Develop cable TV set-top box (equipped with TiVo middle ware)</li> <li>- HD broadcasting and mass recording functions (1T class)</li> <li>※ Virgin Media: The largest media group in UK</li> </ul>	<ul style="list-style-type: none"> <li>□ Region: UK</li> <li>□ Launch: Feb '12</li> </ul>
Smart TV Service	<ul style="list-style-type: none"> <li>□ Smart TV Service launch in '12</li> <li>- Cloud-based contents sharing among family members</li> <li>- Provide and manage contents for toddlers</li> <li>- Customized exercise guide service</li> <li>- Contents sharing between various devices</li> <li>□ SDK3.1 Public Release (March)</li> <li>- Smart Control input device and In-App advertisement</li> <li>- Provide utility tool (Automatic Testing Tool)</li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Global</li> <li>□ Launch: Feb '12</li> </ul>
Smart Input Device	<ul style="list-style-type: none"> <li>□ Introduction of smart wireless keyboard</li> <li>Easy to control device with QWERTY text input and Touch Pad</li> <li>Bluetooth Pairing for controlling TV and Mobile devices</li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Americas/Europe/ domestic, etc.</li> <li>□ Launch: Feb '12</li> <li>□ Applied products: LED/PDP products in response to BT</li> </ul>
Smart Station Monitor	<ul style="list-style-type: none"> <li>□ Smart Station Monitor (CB750, 24")</li> <li>- Support connection to Wireless PC screen</li> <li>- Mobile control function</li> <li>- Support mobile device connectivity via MHL</li> <li>- Can control 2 PCs (Drag &amp; Drop file transfer, etc.)</li> <li>- Support USB Hub and USB Super Charging</li> <li>- 5W x 2 Channel speaker</li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Americas/Europe/ domestic, etc.</li> <li>□ Launch: May '12</li> </ul>
All-in-one Cloud Monitor	<ul style="list-style-type: none"> <li>□ Product Concept</li> <li>- All-in-one Cloud Display Monitor(AMD Solution)</li> <li>* Cloud Display Monitor: All-in-one LED monitor for creating server-based computing environment, which is the next generation IT infra solution that can efficiently manage IT resources and strengthen security</li> <li>□ Purpose and effects</li> <li>- Respond to EnergyStar5.0 and Erp(European energy standard)</li> <li>- Apply platform/DDR3 and SSD/enable Fan less via 2 chip solution AMD Ontario</li> <li>- Increase opportunity of sales expansion by adding 23.6" 16:9, 19" 5:4 Format Line-up</li> <li>- ECO-Friendly → LED BLU /Energystar/TCO/Thin Design</li> <li>- Secure sales channel in response to VMware/Citrix virtualization solution</li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Global</li> <li>□ Launch: Dec '12</li> <li>□ Inch : 19"/23.6"</li> </ul>
LFD DEC (LH40DECPLBA/ZA)	<ul style="list-style-type: none"> <li>□ Product Concept</li> <li>- Changed to new Echo-E chip dedicated to LFD from existing Genoa-P</li> <li>- DP LoopOut &amp; DP1.2 MST using ST Athena chip</li> <li>- 24/7 operable Heavy Usage LED models</li> <li>- High intensity (700nit) anti-Glare required for information delivery</li> <li>□ Spec and effects</li> <li>- Panel : New, Edge-LED, 700nit</li> <li>- SMPS (PD-Board) : New</li> <li>- 12 hours use per day (3 year warranty)</li> <li>- Safety standard 60950-1(monitor), EMC class A</li> <li>- Remote control: TM1240B</li> <li>- Stand not provided (Option accessory)</li> <li>- In response to competitors' line-up</li> <li>- Secure LFD product line-up</li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Global</li> <li>□ Launch: Oct '12</li> <li>□ Inch : 40"/46"/55"</li> </ul>

Research Project	Research Results and Expected Effect	In case applied to a product, name of the product and application
Develop high-resolution large-size TV panel	<ul style="list-style-type: none"> <li><input type="checkbox"/> Differentiate Main Stream TV products and secure competitiveness</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: 1Q 13</li> </ul>
High-resolution low-power consumption Tablet product technology	<ul style="list-style-type: none"> <li><input type="checkbox"/> Achieve low power consumption of table products by enhancing transmittivity and enhance production yield</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: 4Q 12</li> </ul>
Mass produce 20nm 4GB DDR3 DRAM for computer	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mass produce 20nm 4GB DDR3 DRAM as the first in the world <ul style="list-style-type: none"> <li>- Developed as the first in the world for 4 consecutive generations since 50nm 4GB in '09</li> <li>- Transmission speed of 1,833Mbps, which is the fastest for server</li> </ul> </li> <li><input type="checkbox"/> Maintain competitive advantage in the value-added DRAM market with cutting-edge 'green memory' from server to PC market</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: Feb '12</li> <li><input type="checkbox"/> Name : 4GB DDR3 DRAM</li> </ul>
Mass produce 20nm 4GB LPDDR2 mobile DRAM for mobile	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mass produce 20nm 4GB mobile DRAM as the first in the world <ul style="list-style-type: none"> <li>- Mass produce products from 1GB to 4GB, highest capacity in the industry</li> <li>- Only provider of 4GB ultra-thin 0.8mm solution in the industry</li> </ul> </li> <li><input type="checkbox"/> In the future, expand 4GB market by increasing the proportion of 20nm DRAM</li> <li>Maintain competitive advantage in the premium memory market</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: Apr '12</li> <li><input type="checkbox"/> Name : 4GB LPDDR2 Mobile DRAM</li> </ul>
Develop 30nm 4GB DDR4 DRAM for computer	<ul style="list-style-type: none"> <li><input type="checkbox"/> Develop next generation 30nm 4GB DDR4 DRAM as the first in the world <ul style="list-style-type: none"> <li>- Launched 16GB DDR4 DRAM as the first after the launch of 2GB DDR4 DRAM in '11</li> <li>- In the future, plan to develop products with fastest speed of 3.2Mb/s</li> </ul> </li> <li><input type="checkbox"/> Create differentiated market by mass producing 20nm products in '13 and maintain competitive advantage with high-capacity green memory</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: Jun '12</li> <li><input type="checkbox"/> Name : 4GB DDR4 DRAM</li> </ul>
Mass produce 30nm 4GB LPDDR3 mobile DRAM for mobile	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mass produce next generation 30nm 4GB mobile DRAM as the first in the world <ul style="list-style-type: none"> <li>- Mass produce largest range of LPDDR3 products in the industry from 1GB to 2GB</li> <li>- Only provider of 2GB ultra-slim 0.8mm solution in the industry</li> </ul> </li> <li><input type="checkbox"/> Maintain competitive advantage in the premium memory market by taking the lead in high-capacity next generation LPDDR3 DRAM market in the future</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: Aug '12</li> <li><input type="checkbox"/> Name : 4GB LPDDR3 Mobile DRAM</li> </ul>
Mass produce 20nm 128GB eMMC internal storage for mobile	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mass produce high-capacity 20nm 128GB eMMC as the first in the world <ul style="list-style-type: none"> <li>- Launched 128GB in Aug '12 after mass production of 64GB in Jul '12</li> <li>- Can store 15 8GB Full HD contents</li> </ul> </li> <li><input type="checkbox"/> Continue to expand next generation high-capacity mobile device market with 5 times faster speed than external memory card Class10</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: Aug '12</li> <li><input type="checkbox"/> Name : 128GB eMMC internal memory card</li> </ul>
Mass produce 2nm 4GB DDR3 DRAM for computer	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mass produce cutting-edge 2nm 4GB DDR3 DRAM as the first in the world <ul style="list-style-type: none"> <li>- Launched DRAM produced by new process for 4 consecutive years since '09</li> <li>- Enhance product competitiveness with the best capacity low power consumption property</li> </ul> </li> <li><input type="checkbox"/> Continue to strengthen business competitive advantage by expanding sales in differentiated market through mass production of 20nm products in '13</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: Oct '12</li> <li><input type="checkbox"/> Name : 4GB DDR3 DRAM</li> </ul>
Mass produce 2nm 512GB SSD for computer	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mass produce the best performance high-capacity 512GB SSD in the world <ul style="list-style-type: none"> <li>- Develop high-performance SSD with high-performance 3bit MLC as the first in the industry</li> <li>- Lead market expansion by mass producing high-end/mass market SSD simultaneously</li> </ul> </li> <li><input type="checkbox"/> Continue to strengthen business competitiveness in the premium memory market by expanding premium ultra notebook market in '13</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: Oct '12</li> <li><input type="checkbox"/> Name : 512GB SSD</li> </ul>

Research Project	Research Results and Expected Effect	In case applied to a product, name of the product and application
Mass produce 10nm 64GB eMMC internal storage for mobile	<ul style="list-style-type: none"> <li>□ Mass produce 64GB eMMC with next generation standard as the first in the world <ul style="list-style-type: none"> <li>- Launched next generation product after the launch of eMMC 4.5 product in Jul '12.7</li> <li>- Equipped with best performance 10nm 64GB NAND since Oct '12</li> </ul> </li> <li>□ Take the lead in high performance mobile device market with subminiature package that has 10 times faster speed than external memory card Class10</li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Global</li> <li>□ Launch: Nov '12</li> <li>□ Name : 64GB eMMC internal memory card</li> </ul>
Smart TV Service	<ul style="list-style-type: none"> <li>□ Smart Hub service launch in '13 <ul style="list-style-type: none"> <li>- Provides Smart Hub that enables easy and fast access to contents by category via five panel UIs <ul style="list-style-type: none"> <li>· On TV: Recommends program based on viewing history by the hour</li> <li>· Movies &amp; TV Shows: Recommends popular/new VOD based on user's viewing history</li> <li>· Photos, Videos &amp; Music: Provides list of recently played/recorded photos/music/videos</li> <li>· Social: list of contents recommended by SNS friends/ video call</li> <li>· Apps: Shows recommended/ downloaded apps</li> </ul> </li> </ul> </li> <li>□ SDK 4.1 Public Release <ul style="list-style-type: none"> <li>- Reinforces platform and ecosystem by adding major S/W module platform of '13</li> <li>- Supports Linux and Mac emulator and provides local Cloud Emulator functions</li> <li>- Adds Smart Controller functions of '13</li> <li>- Native IME (response to '13 input device)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Global</li> <li>□ Launch: Feb '13</li> </ul>
Smart Input Device	<ul style="list-style-type: none"> <li>□ Introduction of 2013 smart wireless keyboard <ul style="list-style-type: none"> <li>Easy to control device with QWERTY text input and Touch Pad</li> <li>Supports multi pairing between BT standard devices including TV/mobile (shortcut)</li> </ul> </li> <li>□ Introduction of 2013 external camera <ul style="list-style-type: none"> <li>Improves Skype resolution with 5M pixel camera</li> <li>EPTZ(Electronic Pan Tilt Zoom), Face Tracking</li> <li>One Hand Gesture Recognition</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Global</li> <li>□ Launch: Mar '13</li> </ul>
HDD Broadcasting Multi-device (BD-F8500)	<ul style="list-style-type: none"> <li>□ Key features <ul style="list-style-type: none"> <li>Dual Tuner , CI , LAN, USB 2.0, HDMI, S-PDIF, Internal HDD, WiFi, Record 3D broadcasts</li> </ul> </li> <li>□ Development <ul style="list-style-type: none"> <li>Applied '13 UX &amp; Apps, Applied Fox-B, New Micom (Nuvoton, 32bit), Movie &amp; TV Show, Screen Mirroring, Remote Access</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Europe</li> <li>□ Launch: Mar '13</li> </ul>
BD Player (BD-F7500)	<ul style="list-style-type: none"> <li>□ Key features <ul style="list-style-type: none"> <li>4K 3D Wifi BDP premium model</li> <li>Internal 4K Scaler / 2HDMI (4K/Audio)</li> <li>TV 7080 design matching</li> <li>VFD Front Display</li> <li>Smart Hub / Screen mirroring</li> <li>2 x 2 Dual band Wifi module (minimized interference)</li> </ul> </li> <li>□ Development <ul style="list-style-type: none"> <li>Scaler Chip for 4K</li> <li>HDMI exclusively for Audio (increase usability)</li> <li>Strengthen Smart Hub functions (Movie &amp; TV Show, Screen Mirroring, Remote Access)</li> <li>Reinforce security with TrustZone</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Global</li> <li>□ Launch: Mar '13</li> </ul>
Smart Interaction	<ul style="list-style-type: none"> <li>□ Improved motion recognition <ul style="list-style-type: none"> <li>- Improve motion sensitivity, Thumbs Up recognition</li> </ul> </li> <li>□ Increased interactive voice response supported countries <ul style="list-style-type: none"> <li>- Countries added: Canada/Switzerland/Spain <ul style="list-style-type: none"> <li>· Countries supported: 9 (as of end-June)</li> <li>· US, UK, Korea, France, Germany, Australia, Canada, Switzerland, Spain</li> </ul> </li> </ul> </li> <li>□ Introduced built-in camera for OLED/UHD TV <ul style="list-style-type: none"> <li>Reflected new developments on circuit/apparatus for OLED Design</li> <li>5M pixels, support motion/face recognition (same spec as LED F8000)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region: Global</li> <li>□ Launch: Jun '13</li> <li>□ Applied products <ul style="list-style-type: none"> <li>- Motion recognition: TV with built-in camera</li> <li>- Interactive voice response: Models of LED 6400 or higher</li> <li>- Built-in camera: OLED TV KN55S9CAF, UHD TV 55/65 F9000</li> </ul> </li> </ul>

Research Project	Research Results and Expected Effect	In case applied to a product, name of the product and application
Monitor (SC770)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Added Touch Monitor Line up in '13 <ul style="list-style-type: none"> <li>- Introduced Touch Monitor to create a new market</li> </ul> </li> <li><input type="checkbox"/> Reinforced user convenience <ul style="list-style-type: none"> <li>- Secured absolute advantage over competitors by providing differentiated usability&amp;design</li> </ul> </li> <li><input type="checkbox"/> Optimum solution for using Touch <ul style="list-style-type: none"> <li>- Fast Touch and 10 Points multi Touch possible by applying capacitive sensing Touch, Windows8 certification</li> <li>- Ergonomic sliding stand structure</li> <li>- Wide viewing range Panel and contrast range three times wider than plain monitor</li> </ul> </li> <li><input type="checkbox"/> Premium design <ul style="list-style-type: none"> <li>- Premium design with metallic materials</li> <li>- Narrow Bezel design that maximizes immersive experience when using Touch</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: America/Europe/etc.</li> <li><input type="checkbox"/> Launch: Jun '13</li> <li><input type="checkbox"/> Inch : 24"</li> </ul>
Open Cell Monitor (SC590)	<ul style="list-style-type: none"> <li><input type="checkbox"/> Seek to introduce Open Cell to Display product line <ul style="list-style-type: none"> <li>- Introduced Open Cell model</li> </ul> </li> <li><input type="checkbox"/> Reinforced lineups <ul style="list-style-type: none"> <li>- Open Cell new lineups</li> <li>- Cheaper model than existing SC570 model as responding to 27" Slim Design</li> </ul> </li> <li><input type="checkbox"/> Reinforced user convenience <ul style="list-style-type: none"> <li>- Narrow Bezel Design provides immersive experience aesthetic value</li> <li>- Applied wide viewing range PLS Panel, reproduce vivid color in any angle</li> <li>- Increased connection devices such as PC and imaging device by supporting HDMI</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region: Global</li> <li><input type="checkbox"/> Launch: Aug '13</li> <li><input type="checkbox"/> Inch : 27"</li> </ul>
LFD ME95C	<ul style="list-style-type: none"> <li><input type="checkbox"/> Product Concept <ul style="list-style-type: none"> <li>- Ultra-large-size 95" LED LFD(world's largest Edge LED LFD)</li> <li>- Slim Bezel &amp; Depth Metallic Black Premium Design</li> <li>- Symmetric Design for both vertical/horizontal use</li> <li>- Valuable functions for Smart Meeting Room</li> </ul> </li> <li><input type="checkbox"/> Product specification <ul style="list-style-type: none"> <li>- Support PIM Half Embedded structure</li> <li>- Support automatic Pivot, using sensor</li> <li>- Terminal: D -sub,DVI,Component(AV),DP,HDMIx3,RS232C</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/>Region: America/Europe/Domestic, etc.</li> <li><input type="checkbox"/> Launch: Dec '13</li> <li><input type="checkbox"/> Inch : 95"</li> </ul>
Mobile AP development	<ul style="list-style-type: none"> <li><input type="checkbox"/> Developed and mass produced big.LITTLE based octa-core Mobile AP as the first in the industry <ul style="list-style-type: none"> <li>- Maximized benefits of low power consumption with big.LITTLE based octa-core</li> <li>- GPU capacity twice the 'Exynos 4 Quad' products</li> <li>- Support WQXGA – can be applied to smartphone and tablet</li> <li>- Applied eMMC 5.0 and USB 3.0 interface as the first in the industry</li> <li>- Continue to secure the Company's AP technology leadership</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region : Global</li> <li><input type="checkbox"/> Launch : Mar '13</li> <li><input type="checkbox"/> Name : Exynos 5 Octa</li> </ul>
Mass produce 10nm 128Gb NAND Flash for mobile	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mass produced high capacity 10nm 128Gb NAND Flash <ul style="list-style-type: none"> <li>- Launched twice the capacity of 10nm 64Gb in Nov '12</li> <li>- Equipped best capacity 20nm 64Gb NAND from May '12</li> </ul> </li> <li><input type="checkbox"/> Strengthen product competitive edge and lead memory market growth with 128Gb NAND-based memory card and expansion of SSD market</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region : Global</li> <li><input type="checkbox"/> Launch : Mar '13</li> <li><input type="checkbox"/> Name : 128Gb NAND Flash</li> </ul>
Mass produce 20nm 1TB Server SSD for Server	<ul style="list-style-type: none"> <li><input type="checkbox"/> Mass produced world best performance 1TB class Server storage <ul style="list-style-type: none"> <li>- High-efficiency solution for cloud service market</li> <li>- Enhanced Server system capacity by six fold, reduced power consumption by 30%</li> </ul> </li> <li><input type="checkbox"/> Lead premium SSD market growth by developing next generation SSD <ul style="list-style-type: none"> <li>- Solidified competitive advantage with high value-added Server SSD</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region : Global</li> <li><input type="checkbox"/> Launch : Mar '13</li> <li><input type="checkbox"/> Name : 960GB Server SSD</li> </ul>
Smart card IC	<ul style="list-style-type: none"> <li><input type="checkbox"/> Acquired 'CC EAL7' with Smart card IC as the first in the industry <ul style="list-style-type: none"> <li>- Applied world-class design/manufacture/security technology</li> <li>- Established standard modeling that can resist various types of hacking attacks</li> <li>Issue certification via ANSSI, a French security agency</li> </ul> </li> <li><input type="checkbox"/> Promote the Company's image as a leader of smart card IC technology and continue to increase FSID market presence</li> </ul>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Region : Global</li> <li><input type="checkbox"/> Launch : Mar '13</li> <li><input type="checkbox"/> Name : S3FT9KF</li> </ul>

Research Project	Research Results and Expected Effect	In case applied to a product, name of the product and application
eFlash process	<ul style="list-style-type: none"> <li>□ Developed 45nm eFlash process as the first in the industry</li> <li>- Secured commercialization technology by developing smart card IC test chip</li> <li>- Reduced power consumption 25%, data reading time 50%</li> <li>- Plan to mass produce the first commercialized product in 2H14</li> <li>- Applied to MCU product foundry/ASIC business</li> <li>□ Promote the Company's image as a leader of smart card IC technology and induce foundry/ASIC customers</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch: May '13</li> <li>□ Name: 45nm eFlash</li> </ul>
160lm/W middle power LED package	<ul style="list-style-type: none"> <li>□ Mass produced 160lm/W middle power, which is the best in the industry</li> <li>- Middle power achieved luminance efficiency of 160 lumen per watt</li> <li>- First to mass produce industry-best LED package</li> <li>□ Promote the Company's image as a leader of middle power technology and continue to secure LED market presence</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch: Feb '13</li> <li>□ Name: LM561B</li> </ul>
Mass produce 3D vertical 128Gb V-NAND Flash	<ul style="list-style-type: none"> <li>□ Mass produce new concept 128Gb 3D V-NAND Flash as the first in the world</li> <li>- Overcome the limits of miniaturization by 3D CTF(Charge Trap Flash) cell structure innovation and vertical layer process innovation</li> <li>- Increased degree of integration by twofold/ cell life by tenfold/ writing speed by twofold</li> <li>□ Secured Tera bit NAND mass production technology with 300 core patents</li> <li>- Strengthen technological competitive advantage to take the lead in large capacity market</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch: Aug '13</li> <li>□ Name: 128Gb V-NAND Flash</li> </ul>
Mobile 20nm 8Gb LPDDR4 DRAM	<ul style="list-style-type: none"> <li>□ Develop next generation 20nm 8Gb LPDDR4 DRAM as the first in the world</li> <li>- Develop lowest power consumption/ highest speed mobile DRAM</li> <li>- Create LPDDR4 market in '14 after LPDDR3 in '12</li> <li>□ Build 20nm 8Gb DRAM mobile/server full lineup</li> <li>- Create new market by launching 4GB in '14, the largest capacity in mobile '</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch: Dec '13</li> <li>□ Name : 8Gb LPDDR4 Mobile DRAM</li> </ul>
Develop ISOCELL Pixel technology	<ul style="list-style-type: none"> <li>□ Develop next generation image sensor pixel technology as the first in the industry</li> <li>- Applied new method that isolates adjacent pixel</li> <li>- Enhanced sensitivity by minimizing loss of electric signal</li> <li>- Provide a sample of the first product with new technology</li> <li>□ Strengthened the Company's leadership in image sensor market</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Nov '13</li> <li>□ Name : S5K4H5YB</li> </ul>
Develop ultra-large-size/ high resolution LCD TV panel	<ul style="list-style-type: none"> <li>□ Mass produced 55",65" UHD TV panel</li> <li>□ Strengthen market leadership and contribute to commercialization of UHD TV by expanding UHD TV lineups</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Jun '13</li> </ul>
Develop OLED TV panel (55")	<ul style="list-style-type: none"> <li>□ Take the lead in the next generation TV market by launching curved OLED TV</li> <li>□ Secure competitiveness by enabling Zero Pixel Defect definition</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Jun '13</li> </ul>
Wearable Display Watch	<ul style="list-style-type: none"> <li>□ Create new OLED Application market based on design differentiation</li> <li>□ Develop 1.63" high-resolution Compact Design</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Sep '13</li> </ul>
Develop high-resolution OLED panel	<ul style="list-style-type: none"> <li>□ Secure advantages in terms of resolution compare to competitors and strengthen market competitiveness by developing high-resolution technology</li> <li>□ Mass produce smartphone OLED panel</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Apr '13</li> </ul>
Develop Flexible technology	<ul style="list-style-type: none"> <li>□ Secure advanced technology to take the lead in the next generation products</li> <li>□ Mass produce curved display for smartphone as the first in the world</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Oct '13</li> </ul>
Develop UHD OLED TV panel	<ul style="list-style-type: none"> <li>□ Develop R/G/B technology UHD products as the first in the world</li> <li>□ Reinforce market leadership and differentiate products by expanding UHD TV lineups</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : TBD</li> </ul>
High-resolution low power consumption Tablet product technology	<ul style="list-style-type: none"> <li>□ Mass produce high-resolution Tablet panel</li> <li>□ Achieved low power consumption of tablet products and higher rate of production by enhancing transmissivity</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Feb '14</li> </ul>
Mass produce Server 3D V-NAND based 960GB high reliability SSD	<ul style="list-style-type: none"> <li>□ Mass produced 3D V-NAND based high-reliability 960GB SSD as the first in the world</li> <li>Equal performance with SLC NAND SSD by using 3D V-NAND</li> <li>Increased customer value with high-reliability/high performance/high capacity/ low power consumption</li> <li>□ Maximized efficiency of investment in datacenter with ultra power saving solution</li> <li>Secure competitiveness for expansion of next generation green IT market</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Sep '13</li> <li>□ Name: 960GB 3D V-NAND SSD</li> </ul>

Research Project	Research Results and Expected Effect	In case applied to a product, name of the product and application
Mass produce 20nm 4GB DDR3 DRAM for server	<ul style="list-style-type: none"> <li>□ Mass produce ultra-fine 20nm 4GB DDR3 DRAM as the first in the world <ul style="list-style-type: none"> <li>- Applied independently developed high-density/high-speed/low-power consumption technology</li> <li>- Enhanced productivity by 30% compare to 25nm</li> </ul> </li> <li>□ PC and server full line-up to be launched with 20nm 4GB DRAM <ul style="list-style-type: none"> <li>- Enhance competitiveness by launching the whole line-up including mobile in the future</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Feb '14</li> <li>□ Name : 4GB DDR3 DRAM</li> </ul>
Develop new ISOCELL image sensor	<ul style="list-style-type: none"> <li>□ Launched new 1600 megapixel ISOCELL image sensor <ul style="list-style-type: none"> <li>- Clear image even in dark places</li> <li>- 16 megapixel / 30pfs per second (first in the industry)</li> <li>- 16:9 aspect ratio FullHD resolution</li> </ul> </li> <li>□ Developed 13 megapixel stacked ISOCELL image sensor <ul style="list-style-type: none"> <li>- Smaller chip size and wider circuit range by applying stacked structure</li> <li>- Diversification of exposure with smart WDR function improves color in backlight</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Mar '14</li> <li>□ Name : S5K2P2</li> </ul>
Develop new mobile AP product with HMP solution	<ul style="list-style-type: none"> <li>□ Launched new Exynos 5 Octa (5422) product <ul style="list-style-type: none"> <li>- Enhance power efficiency by combining and utilizing 8 high-capacity/low-power consumption cores through applying HMP solution</li> <li>- Support WQHD and WQXGA ultra-high resolution</li> <li>- Strengthen low-power consumption capacity by using automatic conversion to power save mode and mobile video compression technology</li> </ul> </li> <li>□ Launched new Exynos 5 Hexa (5250) product <ul style="list-style-type: none"> <li>- Enhance power efficiency by combining and utilizing 6 high-capacity/low power consumption cores through applying HMP solution</li> <li>- Support WQXGA ultra-high resolution</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch: Jan/Mar '14</li> <li>□ Name : Exynos5250/ Exynos5422</li> </ul>
Develop new smart card product	<ul style="list-style-type: none"> <li>□ Launched NFC with internal flash memory (e-flash) <ul style="list-style-type: none"> <li>- Used 45nm e-flash logic process as the only one in the industry, which improves density and power efficiency compare to 90nm products</li> <li>- Miniaturized products by supporting smallest antenna solution</li> <li>- Enabled mobile POS through NFC chip as the first in the industry</li> </ul> </li> <li>※ POS (Point of Sales): point of sale information management system</li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch: Jan '14</li> <li>□ Name : S3FWRN5</li> </ul>
UHD TV HU9000	<ul style="list-style-type: none"> <li>□ Ultimate Curved UHD TV that provides perfect immersive experience <ul style="list-style-type: none"> <li>- Adopted ergonomic Curved LED Panel</li> </ul> </li> <li>□ Clear differentiation values compare to competitors <ul style="list-style-type: none"> <li>- Smart Hub function with Multi-Link Screen added</li> <li>- The only Evolutionary UHD TV</li> </ul> </li> <li>□ Premium design <ul style="list-style-type: none"> <li>- Ergonomic Curved Design</li> <li>- The best premium image through Immersive Viewing Experience</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch: Mar '14</li> <li>□ Inch : 55"/65"</li> </ul>
UHD TV HU9000 (105")	<ul style="list-style-type: none"> <li>□ Wide Curved(21:9) 105" UHD TV <ul style="list-style-type: none"> <li>- Introduced ultra-large size 105" Curved UHD TV as the first in the world</li> <li>- Adopted SDC 4200R 105" Wide Curved Panel</li> <li>- Applied Golf-AP/MP Platform</li> <li>- Provide ultimate immersive experience and realistic viewing experience</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Middle East</li> <li>□ Launch : Jun '14</li> <li>□ Inch : 105"</li> </ul>
Mass produce 2 <sup>nd</sup> generation V-NAND based 1TB SSD for PC	<ul style="list-style-type: none"> <li>□ Mass produced 2<sup>nd</sup> generation 3D V-NAND based 1TB SSD as the first in the world <ul style="list-style-type: none"> <li>- Opened up 'the era of popularized 3D memory' with 2<sup>nd</sup> generation V-NAND</li> <li>- Target PC market after creating server market last year</li> </ul> </li> <li>□ Launched high-reliability, high-capacity, low-power consumption V-NAND SSD line-up <ul style="list-style-type: none"> <li>- Increased life by twofold and reduced power consumption by 20% compare to existing SSD</li> <li>- Launch 'V-NAND SSD' in 53 nations around the world starting in July</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : May '14</li> <li>□ Name : 1TB, V-NAND SSD</li> </ul>
Develop new ISOCELL Image sensor	<ul style="list-style-type: none"> <li>□ Develop 13 megapixel stacked ISOCELL image sensor <ul style="list-style-type: none"> <li>- Smaller chip size and wider circuit range by applying stacked structure</li> <li>- Diversification of exposure with smart WDR function improves color in backlight</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Jun '14</li> <li>□ Name : S5K3M2</li> </ul>

Research Project	Research Results and Expected Effect	In case applied to a product, name of the product and application
Develop new mobile AP product	<ul style="list-style-type: none"> <li>□ Launched new Exynos 5 Octa (5430) product <ul style="list-style-type: none"> <li>- Increased power efficiency by applying 20nm low-power consumption HKMG process</li> <li>- Enhanced performance by applying HMP solution and can work individually depending on low power core needs</li> <li>- Enhanced low power consumption property by using automatic conversion to power save mode and mobile video compression technology</li> <li>- Support WQHD and WQXGA ultra high-resolution</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Jun '14</li> <li>□ Name : Exynos 5430</li> </ul>
UHD TV (UN105S9WAF)	<ul style="list-style-type: none"> <li>□ Product Concept <ul style="list-style-type: none"> <li>- Wide Curved(21:9) 105" UHD TV</li> <li>- Need to solidify market leadership by introducing ultra-large size 105" UHD TV as the first in the world</li> </ul> </li> <li>□ Spec and effects <ul style="list-style-type: none"> <li>- Adopted SDC 4200R 105" Wide Curved Panel</li> <li>- Applied Golf-AP/MP Platform</li> <li>- Provide the ultimate immersive and realistic viewing experience</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Jul '14</li> <li>□ Inch: 105"</li> </ul>
LFD QMD	<ul style="list-style-type: none"> <li>□ Introduced Premium UHD Line Up <ul style="list-style-type: none"> <li>- Introduced high resolution UHD LFD lineup</li> <li>- Applied SE13U Platform</li> <li>- Applied spec to respond to LFD Usage</li> <li>- Reduced additional investment costs by sharing TV HU7K design</li> </ul> </li> <li>□ Main functions <ul style="list-style-type: none"> <li>- Support full HD screen split in 4 (2/3/4 splits)</li> <li>- DP 1.2 and SBB applicable</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Aug '14</li> <li>□ Inch: 85"</li> </ul>
Bendable TV Nov (UN78S9BAF)	<ul style="list-style-type: none"> <li>□ World's first Bendable UHD TV <ul style="list-style-type: none"> <li>- Secured technology leadership</li> </ul> </li> <li>□ Design <ul style="list-style-type: none"> <li>- Adopted Timeless Gallery Design</li> <li>- Becomes an aesthetic object when power is off</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Domestic</li> <li>□ Launch : Nov '14</li> <li>□ Inch: 78"</li> </ul>
Mass produce PC/server 32 layer 3bit 3D V-NAND	<ul style="list-style-type: none"> <li>□ Mass produced the world's first 3bit 3D V-NAND based 1TB SSD <ul style="list-style-type: none"> <li>- Opened up the era of "popularized V-NAND SSD" with 3bit V-NAND</li> <li>- Target the standard SSD market with V-NAND that has 50% higher productivity</li> </ul> </li> <li>□ Reinforced highly reliable, high-performance, low energy consuming V-NAND SSD lineup <ul style="list-style-type: none"> <li>- Launched mSATA and M.2 SSD lineups in addition to the existing 2.5"</li> <li>- Launched '850 EVO SSD' in 53 nations around the world in Dec</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Oct '14</li> <li>□ Inch: 128Gb 3bit 3D V-NAND (850 EVO SSD)</li> </ul>
Mass produce mobile 20nm 8Gb LPDDR4 DRAM	<ul style="list-style-type: none"> <li>□ Mass produced the world's first ultrafine 20nm 8Gb LPDDR4 DRAM <ul style="list-style-type: none"> <li>- Applied "highly integrated/ultrahigh speed/high-density" solution developed by the Company</li> <li>- Created the world's first 4GB market and took the lead</li> </ul> </li> <li>□ Led growth of the DRAM market by expanding 20nm DRAM lineup <ul style="list-style-type: none"> <li>- Plan to take the lead in the market by expanding next-generation lineups(8/6/4Gb) in the future</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>□ Region : Global</li> <li>□ Launch : Dec '14</li> <li>□ Inch: 8Gb LPDDR4 DRAM</li> </ul>

## 11. Other Information

### A. Intellectual Property Rights

In 2014, the Company invested KRW 15.3 trillion and registered 7,574 domestic and 14,342 overseas patents, including approval for 4,952 US patents. As a result, the Company maintained second place in terms of numbers of patents registered in US amongst global technology companies for nine (9) consecutive years since 2006.

<Number of Patents Registered in Each Country (as of December 31, 2014, cumulative)>

(Unit: # of Patents)

	Korea	US	Europe	China	Japan	Others
<i>Number</i>	32,507	35,718	14,834	9,099	6,814	7,735

The Company registered its first US patent in 1984, and now holds 106,707 patents around the world.

<Number of Patent Registrations Per Year>

(Unit: # of Patents)

	'14	'13	'12	'11	'10	'09	'08	'07
<i>Korea</i>	3,970	2,762	2,013	1,610	1,612	1,485	4,740	10,974
<i>US</i>	4,952	4,676	5,081	4,894	4,551	3,611	3,515	2,725

These patents are mostly related to smartphone, smart TV, flash memory, and system LSI products for the Company's strategic business products or for future use. These patents not only protect the Company's business but also play a role in keeping similar technology and patents, as well as competitors, in check. In addition, as some of the patents are for new materials and next-generation mobile communication, the Company expects them to protect its business in the future when it enters into new businesses.

The Company has also been focusing on securing design patents to protect its original design applied to smartphones and LED TVs. In 2014, the Company acquired 832 US patents, in part for the aforementioned purpose.

### B. Environmental regulations

The Company strictly abides by environmental regulations on products and in the workplace, as prescribed by law. In addition, to following "the low carbon green growth policy" of the Korean government, the Company has been increasing the number of "Green Technology Certifications" and reports "the amount of CO2 emission and energy use" to the government and provides related information to stakeholders.

(See 『9. Green Management』 of 『XI. Other Information Related to Investment Protection』 for more details about Green Technology Certification.)

(Environmental Regulation of Products)

The environmental regulation of products are becoming stricter reflecting the concerns of governments and regulators about potential direct and indirect impact of products to consumers' health and safety as consumers. Accordingly, the Company is working to minimize the environmental impact throughout the entire life cycle of products from the development stage of components and products to manufacturing, distribution, use, and disposal. The Company offers "Eco-Partner Certification" to suppliers for components free of harmful substances, and runs an "eco-design evaluation"



system to reflect eco-friendly elements on products (reduced use of resources, energy and harmful substances, and the use of eco-friendly materials) at the development stage, and operates a “waste electronics collection recycle system” in Europe, North America, Korea, and India for collecting and recycling waste electronics. These activities are in line with domestic and foreign environmental laws on electronics and are a differentiation factor for the Company and its products.

Relevant laws are as follows:

1. law on collection and recycle of waste electronics (e.g., EU WEEE Directive)
2. limit on the use of harmful substances (e.g., EU RoHS Directive, REACH Regulation)
3. regulation on energy efficiency (e.g., EU ErP Directive)

(Environmental Regulations in the Workplace)

The Company operates environmental pollution prevention facilities to reduce air pollution, water pollution, and waste disposal, and to minimize the discharge of pollutants, thereby minimizing impact on the surrounding environment.

Environmental management of workplace is supervised by the relevant government authorities. All production facilities, domestic and overseas, have acquired the International Occupational Health and Safety Management System Certification (ISO 14001, OHSAS18001) to strengthen compliance.

Major Relevant Domestic and International Laws are as follows:

1. Regulations related to emission of pollutants: Water Quality and Ecosystem Conservation Act, Clean Air Conservation Act, Wastes Control Act, Noise and Vibration Control Act, Environmental Impact Assessment Act
2. Management of greenhouse gas emission: Greenhouse gas emission report, Goal management system
3. Others: Toxic Chemicals Control Act, Odor Control Law, Soil Environment Conservation Act

(Greenhouse gas emission and energy consumption management)

The Company is a “controlled entity” according to Article 42 of Korea’s “Framework Act on Low Carbon, Green Growth.” Thus, the Company has been reporting the amount of greenhouse gas emission and energy consumption, verified by a third-party, to the authorities and disclosing it to stakeholders according to Article 44 of the same Act since May 2011.

The reported amount of greenhouse gas emission and energy use are provided below:

	2014	2013	2012
Greenhouse gas (Unit: tCO <sub>2</sub> e)	6,775,019	6,303,033	6,004,674
Energy (Unit: TJ)	101,386	96,298	91,330

※ 62 workplaces, including domestic manufacturing facilities, company buildings, and company owned buildings.

※ Reported Greenhouse gas emission excludes ozone depletion substances (ODS).

The Company achieved its own greenhouse emission and energy consumption limit goal for 2014 through energy-saving activities and by installing energy efficient equipment to meet greenhouse gas reduction.

### III. Financial Affairs

#### 1. Consolidated Financial Statements

#### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of U.S dollars (refer to III. 2 - 2.28))

	Notes	December 31, 2014 KRW	December 31, 2013 KRW	December 31, 2014 USD	December 31, 2013 USD
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	4, 6, 7	16,840,766	16,284,780	15,997,688	15,469,535
Short-term financial instruments	5, 6, 7	41,689,776	36,722,702	39,602,713	34,884,299
Short-term available-for-sale financial assets	6, 9	3,286,798	1,488,527	3,122,255	1,414,009
Trade receivables	6, 7, 10	24,694,610	24,988,532	23,458,355	23,737,562
Non-trade receivables	10	3,539,875	2,887,402	3,362,663	2,742,854
Advances		1,989,470	1,928,188	1,889,874	1,831,660
Prepaid expenses		3,346,593	2,472,950	3,179,057	2,349,150
Inventories	11	17,317,504	19,134,868	16,450,560	18,176,943
Other current assets		1,795,143	2,135,589	1,705,275	2,028,678
Assets held-for-sale	12, 37	645,491	2,716,733	613,177	2,580,729
<b>Total current assets</b>		<b>115,146,026</b>	<b>110,760,271</b>	<b>109,381,617</b>	<b>105,215,419</b>
<b>Non-current assets</b>					
Long-term available-for-sale financial assets	6, 9	12,667,509	6,238,380	12,033,351	5,926,076
Investment in affiliates and joint ventures	12	5,232,461	6,422,292	4,970,515	6,100,781
Property, plant and equipment	13	80,872,950	75,496,388	76,824,309	71,716,907
Intangible assets	14	4,785,473	3,980,600	4,545,904	3,781,324
Long-term prepaid expenses		4,857,126	3,465,783	4,613,970	3,292,280
Deferred income tax assets	29	4,526,595	4,621,780	4,299,986	4,390,406
Other non-current assets		2,334,818	3,089,524	2,217,933	2,934,857
<b>Total assets</b>		<b>230,422,958</b>	<b>214,075,018</b>	<b>218,887,585</b>	<b>203,358,050</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

*(In millions of Korean won, in thousands of U.S dollars (refer to III. 2 - 2.28))*

	Notes	December 31, 2014 KRW	December 31, 2013 KRW	December 31, 2014 USD	December 31, 2013 USD
<b>Liabilities and Equity</b>					
<b>Current liabilities</b>					
Trade and other payables	6	7,914,704	8,437,139	7,518,480	8,014,761
Short-term borrowings	6, 8, 15	8,029,299	6,438,517	7,627,338	6,116,194
Other payables	6	10,318,407	9,196,566	9,801,850	8,736,170
Advances received		1,427,230	1,706,313	1,355,780	1,620,892
Withholdings		1,161,635	1,176,046	1,103,482	1,117,171
Accrued expenses		12,876,777	11,344,530	12,232,143	10,776,603
Income tax payable		2,161,109	3,386,018	2,052,920	3,216,508
Current portion of long-term liabilities	6, 15, 16	1,778,667	2,425,831	1,689,624	2,304,390
Provisions	18	5,991,510	6,736,476	5,691,565	6,399,236
Other current liabilities		326,259	467,973	309,930	444,548
Liabilities held-for-sale	37	28,316	-	26,898	-
<b>Total current liabilities</b>		52,013,913	51,315,409	49,410,010	48,746,473
<b>Non-current liabilities</b>					
Debentures	6, 16	1,355,882	1,311,068	1,288,004	1,245,434
Long-term borrowings	6, 15	101,671	985,117	96,581	935,800
Long-term other payables	6	2,562,271	1,053,756	2,433,999	1,001,003
Net defined benefit liabilities	17	201,342	1,854,902	191,262	1,762,042
Deferred income tax liabilities	29	4,097,811	6,012,371	3,892,667	5,711,381
Provisions	18	499,290	460,924	474,295	437,849
Other non-current liabilities		1,502,590	1,065,461	1,427,368	1,012,122
<b>Total liabilities</b>		62,334,770	64,059,008	59,214,186	60,852,104

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of U.S dollars (refer to III. 2 - 2.28))

	Notes	December 31, 2014 KRW	December 31, 2013 KRW	December 31, 2014 USD	December 31, 2013 USD
<b>Equity attributable to owners of the parent</b>					
Preferred stock	20	119,467	119,467	113,486	113,486
Common stock	20	778,047	778,047	739,097	739,097
Share premium		4,403,893	4,403,893	4,183,426	4,183,426
Retained earnings	21	169,529,604	148,600,282	161,042,656	141,161,092
Other components of equity	23	(12,729,387)	(9,459,073)	(12,092,132)	(8,985,535)
Accumulated other comprehensive income attributable to assets held-for-sale	37	80,101	-	76,091	-
		162,181,725	144,442,616	154,062,624	137,211,566
<b>Non-controlling interests</b>		5,906,463	5,573,394	5,610,775	5,294,380
<b>Total equity</b>		168,088,188	150,016,010	159,673,399	142,505,946
<b>Total liabilities and equity</b>		230,422,958	214,075,018	218,887,585	203,358,050

## CONSOLIDATED STATEMENTS OF INCOME

(In millions of Korean won, in thousands of U.S dollars (refer to III. 2 - 2.28))

	Notes	For the year ended December 31,			
		2014 KRW	2013 KRW	2014 USD	2013 USD
<b>Revenue</b>		206,205,987	228,692,667	195,882,955	217,243,913
<b>Cost of sales</b>	25	128,278,800	137,696,309	121,856,939	130,802,991
<b>Gross profit</b>		77,927,187	90,996,358	74,026,016	86,440,922
Selling and administrative expenses	25, 26	52,902,116	54,211,345	50,253,744	51,497,430
<b>Operating profit</b>		<b>25,025,071</b>	<b>36,785,013</b>	<b>23,772,272</b>	<b>34,943,492</b>
Other non-operating income	27	3,801,357	2,429,551	3,611,054	2,307,923
Other non-operating expense	27	2,259,737	1,614,048	2,146,611	1,533,246
Share of profit of affiliates and joint ventures	12	342,516	504,063	325,369	478,829
Financial income	28	8,259,829	8,014,672	7,846,328	7,613,444
Financial expense	28	7,294,002	7,754,972	6,928,852	7,366,745
<b>Profit before income tax</b>		27,875,034	38,364,279	26,479,560	36,443,697
Income tax expense	29	4,480,676	7,889,515	4,256,366	7,494,552
<b>Profit for the year</b>		<b>23,394,358</b>	<b>30,474,764</b>	<b>22,223,194</b>	<b>28,949,145</b>
Profit attributable to owners of the parent		23,082,499	29,821,215	21,926,949	28,328,313
Profit attributable to non-controlling interests		311,859	653,549	296,245	620,832
Earnings per share for profit attributable to owners of the parent (in Korean Won, in US dollars)	30				
- Basic		153,105	197,841	145.44	187.94
- Diluted		153,096	197,800	145.43	187.90

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean won, in thousands of US dollars (refer to III. 2 - 2.28))

	Notes	For the year ended December 31,			
		2014	2013	2014	2013
		KRW	KRW	USD	USD
<b>Profit for the year</b>		23,394,358	30,474,764	22,223,194	28,949,145
<b>Other comprehensive loss</b>					
<b>Items not to be reclassified to profit or loss subsequently:</b>					
Remeasurement of net defined benefit liabilities, net of tax	17, 23	(710,318)	(213,113)	(674,758)	(202,444)
<b>Items to be reclassified to profit or loss subsequently:</b>					
Changes in value of available-for-sale financial assets, net of tax	9, 23	(232,105)	186,480	(220,485)	177,144
Share of other comprehensive income (loss) of affiliates and joint ventures, net of tax	12, 23	(128,932)	20,756	(122,477)	19,717
Foreign currency translation, net of tax	23	(922,059)	(1,000,961)	(875,899)	(950,851)
<b>Other comprehensive loss for the year, net of tax</b>		(1,993,414)	(1,006,838)	(1,893,619)	(956,434)
<b>Total comprehensive income for the year</b>		21,400,944	29,467,926	20,329,575	27,992,711
<b>Comprehensive income attributable to :</b>					
Owners of the parent		20,990,732	28,837,590	19,939,900	27,393,930
Non-controlling interests		410,212	630,336	389,675	598,781

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2013 KRW	Notes	Preferred stock	Common stock	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent	Non-controlling interests	Total
<b>Balance as at January 1, 2013</b>		119,467	778,047	4,403,893	119,985,689	(8,193,044)	-	117,094,052	4,386,154	121,480,206
Profit for the year		-	-	-	29,821,215	-	-	29,821,215	653,549	30,474,764
Changes in value of available-for-sale financial assets, net of tax	9, 23	-	-	-	-	187,477	-	187,477	(997)	186,480
Share of other comprehensive income (loss) of affiliates and joint ventures, net of tax	12, 23	-	-	-	-	20,949	-	20,949	(193)	20,756
Foreign currency translation, net of tax	23	-	-	-	-	(986,691)	-	(986,691)	(14,270)	(1,000,961)
Remeasurement of net defined benefit liabilities, net of tax	17, 23	-	-	-	-	(205,360)	-	(205,360)	(7,753)	(213,113)
<b>Total comprehensive income (loss)</b>		-	-	-	29,821,215	(983,625)	-	28,837,590	630,336	29,467,926
Dividends	22	-	-	-	(1,206,622)	-	-	(1,206,622)	(42,155)	(1,248,777)
Capital transaction under common control		-	-	-	-	(312,959)	-	(312,959)	600,042	287,083
Changes in consolidated entities		-	-	-	-	-	-	-	(918)	(918)
Disposal of treasury stock	23, 24	-	-	-	-	41,817	-	41,817	-	41,817
Stock option activities	23, 24	-	-	-	-	(11,999)	-	(11,999)	-	(11,999)
Others		-	-	-	-	737	-	737	(65)	672
<b>Total transactions with owners</b>		-	-	-	(1,206,622)	(282,404)	-	(1,489,026)	556,904	(932,122)
<b>Balance as at December 31, 2013</b>		119,467	778,047	4,403,893	148,600,282	(9,459,073)	-	144,442,616	5,573,394	150,016,010

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (refer to III. 2 - 2.28))

2013 USD	Notes	Preferred stock	Common stock	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent	Non-controlling interests	Total
<b>Balance as at January 1, 2013</b>		113,486	739,097	4,183,426	113,978,996	(7,782,886)	-	111,232,119	4,166,575	115,398,694
Profit for the year		-	-	-	28,328,313	-	-	28,328,313	620,832	28,949,145
Changes in value of available-for-sale financial assets, net of tax	9, 23	-	-	-	-	178,091	-	178,091	(947)	177,144
Share of other comprehensive income (loss) of affiliates and joint ventures, net of tax	12, 23	-	-	-	-	19,900	-	19,900	(183)	19,717
Foreign currency translation, net of tax	23	-	-	-	-	(937,295)	-	(937,295)	(13,556)	(950,851)
Remeasurement of net defined benefit liabilities, net of tax	17, 23	-	-	-	-	(195,079)	-	(195,079)	(7,365)	(202,444)
<b>Total comprehensive income (loss)</b>		-	-	-	28,328,313	(934,383)	-	27,393,930	598,781	27,992,711
Dividends	22	-	-	-	(1,146,217)	-	-	(1,146,217)	(40,045)	(1,186,262)
Capital transaction under common control		-	-	-	-	(297,292)	-	(297,292)	570,003	272,711
Changes in consolidated entities		-	-	-	-	-	-	-	(872)	(872)
Disposal of treasury stock	23, 24	-	-	-	-	39,724	-	39,724	-	39,724
Stock option activities	23, 24	-	-	-	-	(11,398)	-	(11,398)	-	(11,398)
Others		-	-	-	-	700	-	700	(62)	638
<b>Total transactions with owners</b>		-	-	-	(1,146,217)	(268,266)	-	(1,414,483)	529,024	(885,459)
<b>Balance as at December 31, 2013</b>		113,486	739,097	4,183,426	141,161,092	(8,985,535)	-	137,211,566	5,294,380	142,505,946



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2014 KRW	Notes	Preferred stock	Common stock	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent	Non-controlling interests	Total
<b>Balance as at January 1, 2014</b>		119,467	778,047	4,403,893	148,600,282	(9,459,073)	-	144,442,616	5,573,394	150,016,010
Profit for the year		-	-	-	23,082,499	-	-	23,082,499	311,859	23,394,358
Changes in value of available-for-sale financial assets, net of tax	9, 23	-	-	-	-	(314,069)	-	(314,069)	81,964	(232,105)
Share of other comprehensive income (loss) of affiliates and joint ventures, net of tax	12, 23	-	-	-	-	(128,495)	-	(128,495)	(437)	(128,932)
Foreign currency translation, net of tax	23	-	-	-	-	(954,999)	-	(954,999)	32,940	(922,059)
Remeasurement of net defined benefit liabilities, net of tax	17, 23	-	-	-	-	(694,204)	-	(694,204)	(16,114)	(710,318)
Classified as held-for-sale	37	-	-	-	-	(80,101)	80,101	-	-	-
<b>Total comprehensive income (loss)</b>		-	-	-	23,082,499	(2,171,868)	80,101	20,990,732	410,212	21,400,944
Dividends	22	-	-	-	(2,157,011)	-	-	(2,157,011)	(74,216)	(2,231,227)
Capital transaction under common control		-	-	-	-	(158)	-	(158)	244	86
Changes in consolidated entities		-	-	-	-	-	-	-	569	569
Acquisition of treasury stock	23, 24	-	-	-	-	(1,125,322)	-	(1,125,322)	-	(1,125,322)
Disposal of treasury stock	23, 24	-	-	-	-	32,764	-	32,764	-	32,764
Stock option activities	23, 24	-	-	-	-	(9,436)	-	(9,436)	-	(9,436)
Others		-	-	-	3,834	3,706	-	7,540	(3,740)	3,800
<b>Total transactions with owners</b>		-	-	-	(2,153,177)	(1,098,446)	-	(3,251,623)	(77,143)	(3,328,766)
<b>Balance as at December 31, 2014</b>		119,467	778,047	4,403,893	169,529,604	(12,729,387)	80,101	162,181,725	5,906,463	168,088,188

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

*(In thousands of US dollars (refer to III. 2 - 2.28))*

2014 USD	Notes	Preferred stock	Common stock	Share premium	Retained earnings	Other components of equity	Accumulated other comprehensive income attributable to assets held-for-sale	Equity attributable to owners of the parent	Non- controlling interests	Total
<b>Balance as at January 1, 2014</b>		113,486	739,097	4,183,426	141,161,092	(8,985,535)	-	137,211,566	5,294,380	142,505,946
Profit for the year		-	-	-	21,926,949	-	-	21,926,949	296,245	22,223,194
Changes in value of available-for-sale financial assets, net of tax	9, 23	-	-	-	-	(298,346)	-	(298,346)	77,861	(220,485)
Share of other comprehensive income (loss) of affiliates and joint ventures, net of tax	12, 23	-	-	-	-	(122,062)	-	(122,062)	(415)	(122,477)
Foreign currency translation, net of tax	23	-	-	-	-	(907,190)	-	(907,190)	31,291	(875,899)
Remeasurement of net defined benefit liabilities, net of tax	17, 23	-	-	-	-	(659,451)	-	(659,451)	(15,307)	(674,758)
Classified as held-for-sale	37	-	-	-	-	(76,091)	76,091	-	-	-
<b>Total comprehensive income (loss)</b>		-	-	-	21,926,949	(2,063,140)	76,091	19,939,900	389,675	20,329,575
Dividends	22	-	-	-	(2,049,027)	-	-	(2,049,027)	(70,500)	(2,119,527)
Capital transaction under common control		-	-	-	-	(150)	-	(150)	232	82
Changes in consolidated entities		-	-	-	-	-	-	-	541	541
Acquisition of treasury stock	23, 24	-	-	-	-	(1,068,987)	-	(1,068,987)	-	(1,068,987)
Disposal of treasury stock	23, 24	-	-	-	-	31,124	-	31,124	-	31,124
Stock option activities	23, 24	-	-	-	-	(8,964)	-	(8,964)	-	(8,964)
Others		-	-	-	3,642	3,520	-	7,162	(3,553)	3,609
<b>Total transactions with owners</b>		-	-	-	(2,045,385)	(1,043,457)	-	(3,088,842)	(73,280)	(3,162,122)
<b>Balance as at December 31, 2014</b>		113,486	739,097	4,183,426	161,042,656	(12,092,132)	76,091	154,062,624	5,610,775	159,673,399

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of U.S dollars (refer to III. 2 - 2.28))

For the year ended December 31,					
	Notes	2014	2013	2014	2013
		KRW	KRW	USD	USD
<b>Cash flows from operating activities</b>					
Profit for the year		23,394,358	30,474,764	22,223,194	28,949,145
Adjustments	31	22,323,765	23,804,832	21,206,200	22,613,120
Changes in operating assets and liabilities	31	(3,837,136)	(1,313,245)	(3,645,042)	(1,247,502)
<b>Cash flows from operating activities</b>					
Cash flows from operating activities		41,880,987	52,966,351	39,784,352	50,314,763
Interest received		1,555,373	1,034,074	1,477,508	982,306
Interest paid		(463,740)	(434,857)	(440,524)	(413,087)
Dividend received		1,495,658	592,217	1,420,783	562,570
Income tax paid		(7,492,889)	(7,450,345)	(7,117,782)	(7,077,368)
<b>Net cash generated from operating activities</b>					
		36,975,389	46,707,440	35,124,337	44,369,184
<b>Cash flows from investing activities</b>					
Net increase in short-term financial instruments		(1,110,842)	(19,391,643)	(1,055,231)	(18,420,863)
Net decrease (increase) in short-term available-for-sale financial assets		(713,452)	33,663	(677,735)	31,978
Proceeds from disposal of long-term available-for-sale financial assets		202,904	1,691,463	192,746	1,606,785
Acquisition of long-term available-for-sale financial assets		(6,212,102)	(1,531,356)	(5,901,113)	(1,454,694)
Proceeds from disposal of affiliates and joint ventures		2,014,430	240	1,913,584	228
Acquisition of affiliates and joint ventures		(719,800)	(181,307)	(683,766)	(172,230)
Disposal of property, plant and equipment		385,610	377,445	366,306	358,549
Purchases of property, plant and equipment		(22,042,943)	(23,157,587)	(20,939,435)	(21,998,278)
Disposal of intangible assets		31,731	4,562	30,142	4,334
Purchases of intangible assets		(1,324,307)	(934,743)	(1,258,010)	(887,948)
Cash outflows from business combination		(176,625)	(167,155)	(167,783)	(158,787)
Others		(3,141,012)	(1,490,601)	(2,983,767)	(1,415,979)
<b>Net cash used in investing activities</b>					
		(32,806,408)	(44,747,019)	(31,164,062)	(42,506,905)

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of U.S dollars (refer to III. 2 - 2.28))

Notes	For the year ended December 31,			
	2014	2013	2014	2013
	KRW	KRW	USD	USD
<b>Cash flows from financing activities</b>				
Net increase (decrease) in short-term borrowings	1,833,419	(1,861,536)	1,741,635	(1,768,344)
Acquisition of treasury stock	(1,125,322)	-	(1,068,986)	-
Disposal of treasury stock	27,582	34,390	26,201	32,668
Proceeds from long-term borrowings and debentures	1,740,573	26,672	1,653,437	25,337
Repayment of long-term borrowings and debentures	(3,299,595)	(1,368,436)	(3,134,412)	(1,299,930)
Payment of dividends	(2,233,905)	(1,249,672)	(2,122,072)	(1,187,111)
Net increase in non-controlling interests	139	281,551	132	267,456
<b>Net cash used in financing activities</b>	<b>(3,057,109)</b>	<b>(4,137,031)</b>	<b>(2,904,065)</b>	<b>(3,929,924)</b>
Effect of exchange rate changes on cash and cash equivalents	(555,886)	(330,070)	(528,057)	(313,546)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>555,986</b>	<b>(2,506,680)</b>	<b>528,153</b>	<b>(2,381,191)</b>
<b>Cash and cash equivalents</b>				
<b>Beginning of the year</b>	<b>16,284,780</b>	<b>18,791,460</b>	<b>15,469,535</b>	<b>17,850,726</b>
<b>End of the year</b>	<b>16,840,766</b>	<b>16,284,780</b>	<b>15,997,688</b>	<b>15,469,535</b>

## 2. Notes to Consolidated Financial Statements

### 1. General Information

#### 1.1 Company Overview

Samsung Electronics Co., Ltd. (“SEC”) was incorporated under the laws of the Republic of Korea in 1969 and listed its shares on the Korea Stock Exchange in 1975.

SEC and its subsidiaries (collectively referred to as the “Company”) operate three business Divisions: Consumer Electronics (“CE”), Information technology & Mobile communications (“IM”), and Device Solution (“DS”). The CE Division includes digital TVs, monitors, printers, air conditioners and refrigerators and the IM Division includes mobile phones, communication systems, and computers. The DS Division manufactures products such as memory and system LSI products in the semiconductor business (“Semiconductor Business”, or when the context requires, “Semiconductor Sub-Division”), and LCD and OLED panels in the display panel business (“DP Business Unit”). SEC is domiciled in the Republic of Korea and the address of its registered office is Suwon, the Republic of Korea.

These consolidated financial statements have been prepared in accordance with the Korean International Financial Reporting Standards (“Korean IFRS”) 1110, *Consolidated Financial Statements*. SEC, as the controlling company, consolidates its 158 subsidiaries, including Samsung Display and Samsung Electronics America (Note 1.2). The Company also applies the equity method of accounting to its 37 affiliates, including Samsung Electro-Mechanics.

#### 1.2 Consolidated Subsidiaries

(A) The consolidated subsidiaries as at December 31, 2014 are as follows:

Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
Domestic	High Pioneer Private Investment Trust #1	Technology business, Venture capital investments	100.0
	Samsung Display (SDC)	Manufacture and sale of display panels	84.8
	SU Materials	Manufacture of LCD components	50.0
	STECO	Manufacture of semiconductor components	51.0
	SEMES	Manufacture of semiconductor/FPD	91.5
	Samsung Electronics Service	Repair services for electronic devices	99.3
	Samsung Electronics Sales	Sale of electronic devices	100.0
	Samsung Electronics Logitech	General logistics agency	100.0
	Samsung Medison	Medical equipment	68.5
	Ray	Dental CT	68.1
	Samsung Venture Capital Union #6	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #14	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #20	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #21	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #22	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #23	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #26	Technology business, Venture capital investments	99.0
	Samsung Venture Capital Union #27	Technology business, Venture capital investments	99.0
	America	Samsung Electronics America (SEA)	Sale of electronic devices
NexusDX (Nexus)		Medical equipment	100.0
Samsung Receivables (SRC)		Credit management	100.0
NeuroLogica		Medical equipment	100.0

Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
	Samsung Semiconductor (SSI)	Sale of semiconductor/LCD	100.0
	Samsung Electronics Canada (SECA)	Sale of electronic devices	100.0
	Samsung Research America (SRA)	R&D	100.0
	Grandis	R&D	100.0
	Samsung Mexicana (SAMEX)	Manufacture of electronic devices	100.0
	Samsung International (SII)	Manufacture of CTV/monitors	100.0
	Samsung Telecommunications America (STA)	Sale of communication equipment	100.0
	Samsung Austin Semiconductor (SAS)	Manufacture of semiconductor	100.0
	Samsung Electronics Mexico (SEM)	Sale of electronic devices	99.9
	SEMES America (SEMESA)	Semiconductor equipment	100.0
	Samsung Electronics Digital Appliance Mexico (SEDAM)	Manufacture of electronic devices	99.9
	Samsung Electronics Latinoamerica Miami (SEMI)	Sale of electronic devices	100.0
	Nvelo	Software	100.0
	Samsung Electronics Latinoamerica (SELA)	Sale of electronic devices	100.0
	Samsung Electronics Venezuela (SEVEN)	Marketing and services	100.0
	Samsung Electronica Colombia (SAMCOL)	Sale of electronic devices	100.0
	Samsung Electronics Panama (SEPA)	Consulting	100.0
	Samsung Electronica da Amazonia (SEDA)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics Argentina (SEASA)	Marketing and services	100.0
	Samsung Electronics Chile (SECH)	Sale of electronic devices	100.0
	Samsung Electronics Peru (SEPR)	Sale of electronic devices	100.0
	RT SV CO-INVEST (RT-SV)	Technology business, Venture capital investments	99.9
	Quietside	Sale of heating and cooling products	100.0
	SmartThings	Sale of smart home electronics	100.0
	PrinterOn	Sale of printing solutions	100.0
	PrinterOn America	Sale of printing solutions	100.0
	Samsung Electronics (UK) (SEUK)	Sale of electronic devices	100.0
	Samsung Electronics Holding (SEHG)	Holding Company	100.0
	Samsung Semiconductor Europe GmbH (SSEG)	Sale of semiconductor/LCD	100.0
	Samsung Electronics GmbH (SEG)	Sale of electronic devices	100.0
	Samsung Electronics Iberia (SESA)	Sale of electronic devices	100.0
	Samsung Electronics France (SEF)	Sale of electronic devices	100.0
	Samsung Electronics Hungarian (SEH)	Manufacture and sale of electronic devices	100.0
Europe	Samsung Electronics Czech and Slovak (SECZ)	Sale of electronic devices	100.0
	Samsung Electronics Italia (SEI)	Sale of electronic devices	100.0
	Samsung Electronics Europe Logistics (SELS)	Logistics	100.0
	Samsung Electronics Benelux (SEBN)	Sale of electronic devices	100.0
	Samsung Display Slovakia (SDSK)	Toll processing of LCD	100.0
	Samsung Electronics Romania (SEROM)	Sale of electronic devices	100.0
	Samsung Electronics Overseas (SEO)	Sale of electronic devices	100.0
	Samsung Electronics Polska (SEPOL)	Sale of electronic devices	100.0
	Samsung Electronics Portuguesa (SEP)	Sale of electronic devices	100.0
	Samsung Electronics Nordic (SENA)	Sale of electronic devices	100.0
	Samsung Semiconductor Europe (SSEL)	Sale of semiconductor/LCD	100.0
	Samsung Electronics Austria (SEAG)	Sale of electronic devices	100.0
	Samsung Electronics Slovakia (SESK)	Manufacture of CTV/monitors	100.0
	Samsung Electronics Europe Holding (SEEH)	Holding Company	100.0
	Samsung Electronics Poland Manufacturing (SEPM)	Manufacture of home appliances	100.0
	Samsung Electronics Greece (SEGR)	Sale of electronic devices	100.0
	Samsung Nanoradio Design Center (SNDC)	R&D	100.0

Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
	Nanoradio Hellas	R&D	100.0
	SonoAce Deutschland (SMDE)	Medical equipment	100.0
	Samsung Electronics Rus (SER)	Marketing	100.0
	Samsung Electronics Rus Company (SERC)	Sale of electronic devices	100.0
	Samsung Electronics Ukraine (SEU)	Marketing	100.0
	Samsung Electronics Baltics (SEB)	Sale of electronic devices	100.0
	Samsung Electronics Ukraine Company (SEUC)	Sale of electronic devices	100.0
	Samsung R&D Institute Rus (SRR)	R&D	100.0
	Samsung Electronics Kazakhstan (SEK)	Marketing	100.0
	Samsung Electronics Central Eurasia (SECE)	Sale of electronic devices	100.0
	Samsung Electronics Rus Kaluga (SERK)	Manufacture of CTV	100.0
	Samsung Russia Service Centre (SRSC)	Services	100.0
	Samsung Electronics (London) Limited (SEL)	Holding Company	100.0
	Samsung Denmark Research Center (SDRC)	R&D	100.0
	Samsung France Research Center (SFRC)	R&D	100.0
	Samsung Cambridge Solution Centre (SCSC)	R&D	100.0
	Samsung Electronics Switzerland GmbH (SESG)	Sale of electronic devices	100.0
	PrinterOn Europe	Sale of printing solutions	100.0
	Samsung Electronics Caucasus (SECC)	Marketing	100.0
	Samsung Electronics West Africa (SEWA)	Marketing	100.0
	Samsung Electronics East Africa (SEEA)	Marketing	100.0
	Samsung Gulf Electronics (SGE)	Sale of electronic devices	100.0
	Samsung Electronics Egypt (SEEG)	Manufacture of CTV/monitors	100.0
	Samsung Electronics Israel (SEIL)	Marketing	100.0
	Samsung Electronics Tunisia (SETN)	Marketing	100.0
	Samsung Electronics Pakistan (SEPAK)	Marketing	100.0
Middle East and Africa	Samsung Electronics South Africa (SSA)	Sale of electronic devices	100.0
	Samsung Electronics Turkey (SETK)	Sale of electronic devices	100.0
	Samsung Semiconductor Israel R&D Center (SIRC)	R&D	100.0
	Samsung Electronics Levant (SELV)	Sale of electronic devices	100.0
	Samsung Electronics Morocco (SEMRC)	Sale of electronic devices	100.0
	Samsung Electronics South Africa Production (SSAP)	Manufacture of CTV/monitors	100.0
	Samsung Display Dongguan (SDDG)	Manufacture of LCD	100.0
	Samsung Display Tianjin (SDTJ)	Manufacture of LCD	95.0
	Samsung Electronics Hong Kong (SEHK)	Sale of electronic devices	100.0
	Suzhou Samsung Electronics (SSEC)	Manufacture of home appliances	88.3
	Samsung Suzhou Electronics Export (SSEC-E)	Manufacture of home appliances	100.0
	Samsung (China) Investment (SCIC)	Sale of electronic devices	100.0
	Samsung Mobile R&D Center China-Guangzhou (SRC-Guangzhou)	R&D	100.0
China	Samsung Tianjin Mobile Development Center (STMC)	R&D	100.0
	Samsung Network R&D Center China-Shenzhen (SRC-Shenzhen)	R&D	100.0
	Samsung Electronics Suzhou Semiconductor (SESS)	Toll processing of semiconductor	100.0
	Samsung Electronics (Shandong) Digital Printing (SSDP)	Manufacture of printers	100.0
	Samsung Electronics Huizhou (SEHZ)	Manufacture of electronic devices	99.9
	Tianjin Samsung Electronics (TSEC)	Manufacture of CTV/monitors	91.2
	Samsung Electronics Taiwan (SET)	Sale of electronic devices	100.0
	Beijing Samsung Telecom R&D Center (BST)	R&D	100.0

Area	Subsidiaries	Industry	Percentage of ownership <sup>1</sup>
	Tianjin Samsung Telecom Technology (TSTC)	Manufacture of communication equipment	90.0
	Shanghai Samsung Semiconductor (SSS)	Sale of semiconductor/LCD	100.0
	Samsung Electronics Suzhou Computer (SESC)	Manufacture of electronic devices	100.0
	Samsung Display Suzhou (SDSZ)	Toll processing of LCD	100.0
	Samsung Suzhou LCD (SSL)	Manufacture of LCD	60.0
	Shenzhen Samsung Electronics Telecommunication (SSET)	Manufacture of communication equipment	95.0
	Samsung Electronics Shanghai Telecommunication (SSTC)	Sale of mobile communication and network equipment	100.0
	Samsung Semiconductor (China) R&D (SSCR)	R&D	100.0
	Samsung Electronics China R&D Center (SCRC)	R&D	100.0
	Samsung (China) Semiconductor (SCS)	Manufacture of semiconductor	100.0
	Samsung Electronics Hainan Fiberoptics (SEHF)	Manufacture of optical fiber/cable	100.0
	Samsung Electronics (Beijing) Service (SBSC)	Services	100.0
	Samsung Medison Shanghai Medical Instrument (SMS1)	Medical equipment	100.0
	Tianjin Samsung LED (TSLED)	Manufacture of LED	100.0
	Tianjin Samsung Opto-Electronics (TSOE)	Manufacture of cameras/camcorders	90.0
	Samsung R&D Institute China-Xian (SRC-Xian)	R&D	100.0
	SEMES (Xian)	Semiconductor equipment	100.0
	Samsung Japan (SJC)	Sale of electronic devices	100.0
	Samsung R&D Institute Japan (SRJ)	R&D	100.0
	Samsung Electronics Japan (SEJ)	Sale of electronic devices	100.0
	Samsung Electronics Display (M) (SDMA)	Manufacture and sale of electronic devices	100.0
	Samsung Electronics (M) (SEMA)	Manufacture of home appliances	100.0
	Samsung Vina Electronics (SAVINA)	Manufacture and sale of electronic devices	100.0
	Samsung Asia Private (SAPL)	Sale of electronic devices	100.0
	Samsung India Electronics (SIEL)	Manufacture and sale of electronic devices	100.0
	Samsung R&D Institute India-Bangalore (SRI-B)	R&D	100.0
	Samsung Electronics Australia (SEAU)	Sale of electronic devices	100.0
Rest of Asia	Samsung Electronics Indonesia (SEIN)	Manufacture and sale of electronic devices	100.0
	Samsung Telecommunications Indonesia (STIN)	Sale and services of communication systems	100.0
	Thai Samsung Electronics (TSE)	Manufacture and sale of electronic devices	91.8
	Samsung Electronics Philippines (SEPCO)	Sale of electronic devices	100.0
	Samsung Malaysia Electronics (SME)	Sale of electronic devices	100.0
	Samsung R&D Institute Bangladesh (SRBD)	R&D	100.0
	Samsung Electronics Vietnam (SEV)	Manufacture of electronic devices	100.0
	Samsung Telecommunications Malaysia (STM)	Communication system services	100.0
	Samsung Electronics Vietnam THAINGUYEN (SEVT)	Manufacture of communication equipment	100.0
	Samsung Medison India (SMIN)	Medical equipment	100.0
	Samsung Electronics New Zealand (SENZ)	Sale of electronic devices	100.0
	Samsung Display Bac Ninh (SDBN)	Manufacture of LCD	100.0

<sup>1</sup> Ownership represents the Company's ownership of voting rights in each entity.



(B) A summary of financial data of major consolidated subsidiaries is as follows:

(1) 2014

<i>(In millions of Korean won)</i>	2014			
	Assets	Liabilities	Sales	Net Income (Loss)
Samsung Display (SDC)	₩ 37,939,965	₩ 6,728,991	₩ 24,980,628	₩ 1,698,239
Samsung Electronics America (SEA)	10,697,787	5,409,749	14,076,007	(80,403)
Samsung (China) Investment (SCIC)	9,603,679	7,830,941	16,451,983	162,677
Samsung Semiconductor (SSI)	7,577,935	3,883,673	19,105,338	194,713
Samsung Electronics Europe Holding (SEEH)	7,022,746	5,062,988	-	93,605
Samsung (China) Semiconductor (SCS)	6,765,278	3,911,166	877,508	166,754
Samsung Electronics Vietnam (SEV)	6,553,628	1,251,667	19,811,537	2,012,173
Samsung Austin Semiconductor (SAS)	6,503,003	3,375,099	2,423,230	78,747
Samsung Telecommunications America (STA)	5,321,014	4,573,413	23,002,379	66,255
Samsung Electronics Huizhou (SEHZ)	4,966,486	1,258,635	17,166,345	829,880
Samsung Electronics Vietnam THAINGUYEN (SEVT)	3,957,700	3,042,402	8,265,414	772,450
Samsung Electronica da Amazonia (SEDA)	3,797,166	1,330,302	7,936,105	887,715
Samsung Asia Private (SAPL)	3,110,433	671,729	1,423,212	1,057,873
Samsung India Electronics (SIEL)	2,949,605	1,776,936	6,849,389	428,757
Shanghai Samsung Semiconductor (SSS)	2,560,852	2,120,738	13,331,324	125,239
Tianjin Samsung Telecom Technology (TSTC)	2,316,054	789,395	11,413,234	510,357
Samsung Electronics Slovakia (SESK)	1,869,697	405,089	4,248,232	142,416
Samsung Suzhou LCD (SSL)	1,831,794	768,230	815,705	(38,931)
Thai Samsung Electronics (TSE)	1,654,988	307,109	4,442,707	202,647
Samsung Electronics Europe Logistics (SELS)	1,621,583	1,524,468	13,320,129	38,209
Samsung Electronics Taiwan (SET)	1,583,027	1,299,330	4,472,432	44,559
Samsung Electronics Hungarian (SEH)	1,287,972	323,972	3,113,297	109,549
Samsung Electronics (UK) (SEUK)	1,235,239	964,058	4,304,335	72,231
Samsung Electronics Benelux (SEBN)	1,207,723	245,237	2,394,375	30,404
Samsung Electronics GmbH (SEG)	1,142,897	1,082,420	6,377,894	(17,881)

(2) 2013

<i>(In millions of Korean won)</i>	2013			
	Assets	Liabilities	Sales	Net Income (Loss)
Samsung Display (SDC)	₩ 35,754,894	₩ 6,682,229	₩ 29,386,907	₩ 2,400,779
Samsung Electronics America (SEA)	12,248,560	7,262,519	14,321,018	70,690
Samsung (China) Investment (SCIC)	8,406,438	6,780,610	25,605,822	743,369
Samsung Semiconductor (SSI)	7,346,339	3,991,768	17,932,937	39,289
Samsung Austin Semiconductor (SAS)	6,393,348	3,467,968	2,409,773	60,980
Samsung Electronics Europe Holding (SEEH)	5,780,302	4,025,760	-	(17,863)
Samsung Electronics Vietnam (SEV)	5,625,759	1,493,868	26,594,578	3,087,252
Samsung Telecommunications America (STA)	4,735,432	4,085,299	21,387,737	173,510
Samsung Electronics Huizhou (SEHZ)	4,599,200	1,802,686	22,664,923	1,012,728
Samsung (China) Semiconductor (SCS)	3,752,682	1,284,560	-	(40,537)
Samsung Electronica da Amazonia (SEDA)	3,429,136	1,658,072	7,852,428	920,157
Tianjin Samsung Telecom Technology (TSTC)	2,939,027	1,415,277	15,293,633	767,822
Samsung Asia Private (SAPL)	2,425,585	1,099,521	1,558,990	674,510
Samsung India Electronics (SIEL)	1,924,832	1,195,824	6,737,419	324,171
Samsung Electronics Europe Logistics (SELS)	1,903,892	1,806,486	14,543,524	7,613
Samsung Electronics Slovakia (SESK)	1,764,078	317,224	4,561,795	140,825
Samsung Electronics Mexico (SEM)	1,554,638	1,311,133	3,261,067	9,886
Thai Samsung Electronics (TSE)	1,476,296	373,181	5,033,203	222,389
Samsung Suzhou LCD (SSL)	1,463,589	379,118	18,892	12,067
Samsung Electronics Rus Company (SERC)	1,410,054	1,107,915	5,809,646	(11,137)
Samsung Electronics (UK) (SEUK)	1,393,507	705,504	6,075,490	92,969
Samsung Electronics Taiwan (SET)	1,390,404	1,141,842	3,909,546	30,802
Shanghai Samsung Semiconductor (SSS)	1,310,109	1,005,056	15,937,922	130,082
Samsung Electronics Benelux (SEBN)	1,290,124	322,622	2,700,887	25,233
Samsung Electronics Hungarian (SEH)	1,249,691	253,536	3,272,358	103,658

(C) Changes in scope of consolidation

(1) Subsidiaries newly included in the consolidation for the year ended December 31, 2014:

<b>Area</b>	<b>Subsidiary</b>	<b>Description</b>
Domestic	Samsung Venture Capital Union #26	Incorporation
	Samsung Venture Capital Union #27	Incorporation
America	RT SV CO-INVEST (RT-SV)	Acquisition of shares
	Quietside	Acquisition of shares
	SmartThings	Acquisition of shares
	PrinterOn	Acquisition of shares
	PrinterOn America	Acquisition of shares
	1397011 Ontario	Acquisition of shares
Europe	PrinterOn Europe	Acquisition of shares
	Samsung Electronics Caucasus (SECC)	Incorporation
Middle East and Africa	Samsung Electronics South Africa Production (SSAP)	Incorporation
Asia	Samsung Display Bac Ninh (SDBN)	Incorporation

(2) Subsidiaries excluded from the consolidation for the year ended December 31, 2014:

<b>Area</b>	<b>Subsidiary</b>	<b>Description</b>
Domestic	World Cyber Games	Liquidation
	Samsung Electronics Football Club	Disposal
America	1397011 Ontario	Liquidation
Europe	Samsung Medison Europe (SMNL)	Liquidation
	Nanogen Recognomics (Nanogen)	Liquidation
Asia	Medison Medical Systems (India) (MI)	Liquidation
China	Medison Medical Equipment (Shanghai) (MMS)	Liquidation

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Basis of Presentation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with the International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS"). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Company presented have been prepared in accordance with Korean IFRS. International Financial Reporting Standards ("IFRS") have been adopted by the Korean Accounting Standards Board as Korean IFRS based on standards and interpretations published by the International Accounting Standards Board.

Korean IFRS permits the use of critical accounting estimates in the preparation of the financial statements and requires management judgments in applying accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

### 2.2 Changes in Accounting Policy and Disclosures

#### (A) New and Amended Standards Adopted by the Company

The Company applied the following amended and enacted standards for the annual period beginning on January 1, 2014:

##### *Amendment to Korean IFRS 1032, Financial Instruments: Presentation*

Amendment to Korean IFRS 1032, *Financial Instruments: Presentation*, provides that the right to offset must not be contingent on a future event and must be legally enforceable in all of circumstances; and if an entity can settle amounts in a manner such that the outcome is, in effect, equivalent to net settlement, the entity will meet the net settlement criterion. The adoption of this standard did not have a material impact on the consolidated financial statements.

##### *Enactment of Korean IFRS 2121, Levies*

Korean IFRS 2121, *Levies*, is applied to a liability to pay a levy imposed by the government in accordance with the legislation. The interpretation requires that the liability to pay a levy is recognized when the activity that triggers the payment of the levy occurs (obligating event), as identified by the legislation. The application of this interpretation did not have a material impact on the consolidated financial statements.

#### (B) New and Amended Standards Not Adopted by the Company

The Company expects that new standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2014, and not early adopted, would not have a material impact on its consolidated financial statements.

## 2.3 Consolidation

The Company prepares the consolidated financial statements in accordance with Korean IFRS 1110, *Consolidated Financial Statements*.

### (A) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins from the date the Company obtains control of a subsidiary and ceases when the Company loses control of the subsidiary.

The Company applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is recognized as the excess of (1) the aggregate of i) the consideration transferred, ii) the amount of any non-controlling interest in the acquiree and iii) the acquisition-date fair value of the Company's previously held equity interest in the acquiree over (2) the net identifiable assets acquired. If this consideration (1) is lower than the fair value of the acquiree's net assets in (2), the difference is recognized in profit or loss.

Balances of receivables and payables, income and expenses and unrealized gains on transactions between the Company subsidiaries are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Company.

### (B) Changes in Ownership Interests in Subsidiaries without Change of Control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

### (C) Disposal of Subsidiaries

If the Company loses control of a subsidiary, any investment continuously retained in the subsidiary is re-measured at its fair value at the date when control is lost and any resulting differences are recognized in profit or loss. Such fair value becomes the initial carrying amount for the subsequent measurement of the retained interest accounted for as an affiliate, joint venture, or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of such entity are accounted for as if the Company had directly disposed of the related assets or liabilities. As a result, the previously recognized other comprehensive income are reclassified into profit or loss.

### (D) Non-Controlling Interests

Each component of profit or loss and other comprehensive income is attributed to owners of the parent and to non-controlling interests. Total comprehensive income is attributed to owners of the parent and to non-controlling interests even if this results in a negative balance of non-controlling interests.

## (E) Affiliates

Associates are all entities over which the Company has significant influence but does not have control, generally investees of which from 20% to 50% of voting stock is owned by the Company. Investments in affiliates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Company and its affiliates are eliminated to the extent of the Company's interest in the affiliates. If there is any objective evidence that the investment in the affiliate is impaired, the Company recognizes the difference between the recoverable amount of the affiliate and its book value as impairment loss.

## (F) Joint Arrangements

A joint arrangement of which two or more parties have joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

## 2.4 Foreign Currency Translation

### (A) Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the parent company's functional and presentation currency.

### (B) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Exchange differences arising on non-monetary financial assets and liabilities such as equity instruments at fair value through profit or loss and available-for-sale equity instruments are recognized in profit or loss and other comprehensive income, respectively, as part of the fair value gain or loss.

### (C) Translation into the Presentation Currency

The results and financial position of all the foreign entities that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the Reporting Date.
- Income and expenses for each statement of income are translated at average exchange rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions.
- All resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, the exchange differences that were recorded in equity are reclassified as part of gains and losses on disposition in the statement of income. When the Company no longer exercises control over a foreign subsidiary, the exchange differences that were recorded in equity are reclassified into profit or loss when such gain or loss on disposition is recognized.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments are treated as the foreign operation's assets and liabilities. Such goodwill is expressed in the foreign operation's functional currency and is translated at the closing rate. Exchange differences are recognized in other comprehensive income.

## **2.5 Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

## **2.6 Financial Assets**

### **(A) Classification**

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets, and held-to-maturity financial assets. The classification depends on the terms of the instruments and purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **(1) Financial Assets at Fair Value Through Profit or Loss**

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives not subject to hedge accounting and derivatives separated from financial instruments, such as embedded derivatives, are also categorized as held for trading. Assets in this category are classified as current assets.

#### **(2) Loans and Receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

#### **(3) Available-for-Sale Financial Assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless an investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

### **(B) Recognition and Measurement**

Regular purchases and sales of financial assets are recognized on the trade date. At initial recognition, financial assets are measured at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of income. After the initial recognition, available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are subsequently carried at amortized cost using the effective interest method.

Changes in fair value of financial assets at fair value through profit or loss are recognized in profit or loss and changes in fair value of available-for-sale financial assets are recognized in other comprehensive income. When the available-for-sale financial assets are sold or impaired, the fair value adjustments recorded in equity are reclassified into profit or loss.

Interest on available-for-sale financial assets and held-to-maturity financial assets calculated using the effective interest method is recognized in the statement of income as part of financial income. Dividends on available-for-sale financial assets are recognized in the statement of income as part of other non-operating income when the Company's right to receive payments is established.

#### (C) Offsetting Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

#### (D) De-Recognition of Financial Assets

If the Company transfers a financial asset and the transfer does not result in de-recognition because the Company has retained substantially all of the risks and rewards of ownership of the transferred asset due to a recourse in the event the debtor defaults, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The related financial liability is classified as 'borrowings' in the statement of financial position.

### **2.7 Impairment of Financial Assets**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment loss is recognized only if there is objective evidence and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment of loans and receivables is presented as a deduction in an allowance account. Impairment of other financial assets is directly deducted from their carrying amount. The Company writes off financial assets when the assets are determined to no longer be recoverable.

The objective evidence that a financial asset is impaired includes significant financial difficulty of the issuer or obligor, a delinquency in interest or principal payments, or the disappearance of an active market for that financial asset because of financial difficulties. A decline in the fair value of an available-for-sale equity instrument by more than 20% from its cost or a prolonged decline below its cost for more than six months is also objective evidence of impairment.

### **2.8 Trade Receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If collection is expected beyond one year, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

## 2.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method, except for materials in transit. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes costs of idle plant and abnormal waste. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories are reduced for the estimated losses arising from excess, obsolescence, and decline in value. This reduction is determined by estimating market value based on future customer demand. The losses on inventory obsolescence are recorded as a part of cost of sales.

## 2.10 Disposal Group Held-for-Sale

Non-current assets (or disposal group) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The assets are measured at the lower of their carrying amount and the fair value less costs to sell.

## 2.11 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized and repairs and maintenance expenses are recognized in profit or loss in the period they are incurred.

Depreciation on tangible assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives. Land is not depreciated. Costs that are directly attributable to the acquisition, construction or production of a qualifying asset, including capitalized interest costs, form part of the cost of that asset and are amortized over the estimated useful lives.

The Company's policy is that property, plant and equipment should be depreciated over the following estimated useful lives:

	<u>Estimated useful lives</u>
Buildings and structures	15, 30 years
Machinery and equipment	5 years
Other	5 years

The depreciation method, residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within the statement of income as part of other non-operating income and expenses.



## 2.12 Intangible Assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary, affiliates, joint ventures and businesses at the date of acquisition. Goodwill on acquisitions of subsidiaries and businesses is included in intangible assets and goodwill on acquisition of affiliates and joint ventures is included in the investments in affiliates and joint ventures.

Intangible assets, except for goodwill, are initially recognized at their historical cost and carried at cost less accumulated amortization and accumulated impairment losses.

Internally generated development costs are the aggregate costs recognized after meeting the asset recognition criteria, including technical feasibility, and determined to have future economic benefits. Membership rights are regarded as intangible assets with an indefinite useful life and not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. Intangible assets with definite useful lives such as trademarks and licenses, are amortized using the straight-line method over their estimated useful lives.

The Company's policy is that intangible assets should be amortized over the following estimated useful lives:

	<u>Estimated useful lives</u>
Development costs	2 years
Trademarks, licenses and other intangible assets	5 - 10 years

## 2.13 Impairment of Non-Financial Assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill for which an impairment charge was previously recorded are reviewed for possible reversal of the impairment at each reporting date.

## 2.14 Financial Liabilities

### (A) Classification and measurement

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally for the purpose of repurchasing them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'trade payables', 'borrowings', and 'other financial liabilities' in the statement of financial position.

### (B) Derecognition

Financial liabilities are removed from the statement of financial position when they are extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expires or when the terms of an existing financial liability are substantially modified.

## **2.15 Trade Payables**

Trade payables are amounts due to suppliers for merchandise purchased or services received in the ordinary course of business. If payment is expected in one year or less, they are classified as current liabilities. If payment is expected beyond one year, they are presented as non-current liabilities. Non-current trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

## **2.16 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs, and are subsequently measured at amortized cost. Any difference between cost and the redemption value is recognized in the statement of income over the period of the borrowings using the effective interest method. If the Company has an indefinite right to defer payment for a period longer than 12 months after the end of the reporting date, such liabilities are recorded as non-current liabilities, otherwise, they are recorded as current liabilities.

## **2.17 Provisions**

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

When it is probable that an outflow of economic benefits will occur due to a present obligation resulting from a past event, and the amount is reasonably estimable, a corresponding provision is recognized in the financial statements. However, when such outflow is dependent upon a future event that is not certain to occur, or cannot be reliably estimated, a disclosure regarding the contingent liability is made in the notes to the financial statements.

## **2.18 Net Defined Benefit Liabilities**

The Company has a variety of retirement pension plans including defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the Company pays contributions to annuity plans that are managed either publicly or privately on a mandatory, contractual or voluntary basis. The Company has no further future payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect to defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses resulting from the changes in actuarial assumptions, and the differences between the previous actuarial assumptions and what has actually occurred, are recognized in other comprehensive income in the period in which they were incurred. Past service costs are immediately recognized in profit or loss.

## **2.19 Financial Guarantee Contract**

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due. Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. If the amount measured in subsequent periods exceeds the unamortized balance of the amount initially recognized, the excess is classified as other financial liability.

## **2.20 Current and Deferred Tax**

The tax expense for the period comprises current and deferred tax. Tax is recognized on the profit for the period in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

A deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, affiliates, and interests in joint ventures, except to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, a deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## **2.21 Derivative Instruments**

All derivative instruments are accounted for at their fair value according to the rights and obligations associated with the derivative contracts. The resulting changes are recognized in profit or loss in the year in which they are incurred. Certain derivatives that qualify as cash flow hedges and hedges on net investments in foreign operations are recognized under equity.

## **2.22 Dividend**

Dividend distribution to the Company's shareholders is recognized as a liability when the dividends are approved.

## **2.23 Share Capital**

Common shares and preferred shares with no repayment obligations are classified as equity. When the Company purchases its common shares, the acquisition costs, including direct transaction costs, are deducted from equity until the redemption or reissuance as treasury shares. Consideration received on the subsequent sale or issuance of treasury shares is credited to equity.

## 2.24 Revenue Recognition

Revenue mainly comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, sales incentives and discounts and after eliminating intercompany transactions.

The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company measures revenue by reliably estimating the contingencies associated with revenue based on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Where multiple-element arrangements exist, the fair values of each element are determined based on the current market price of each of the elements when sold separately. When the fair values of each element are indeterminable, the fair values of deliverables which have already been provided are calculated in such way that the fair values of elements which are yet to be provided are subtracted from total contract value of the arrangement.

### (A) Sales of Goods

Sales of products and merchandise are recognized upon delivery when the significant risks and rewards of ownership of goods have transferred to the buyer. Revenue is recognized net of discounts and returns, estimated at the time of sale based on past experience.

### (B) Sales of Services

Revenues from rendering services are generally recognized using the percentage-of-completion method based on the percentage of costs to date compared to the total estimated costs, contractual milestones or performance.

### (C) Interest Income

Interest income is recognized using the effective interest method according to the time passed. When a loan or receivable is impaired, the Company reduces the carrying amount to its recoverable amount, to the extent of the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognized using the original effective interest rate.

### (D) Royalty Income

Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

### (E) Dividend Income

Dividend income is recognized when the right to receive payment is established.

## 2.25 Government Grants

Government grants are recognized at their fair values when there is reasonable assurance that the grant will be received and the Company will comply with the conditions attached to it. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to assets are recognized in liabilities as deferred income government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

## **2.26 Earnings per Share**

Basic earnings per share is calculated by dividing net profit for the period available to common shareholders by the weighted-average number of common shares outstanding during the year. Diluted earnings per share is calculated using the weighted-average number of common shares outstanding adjusted to include the potentially dilutive effect of common equivalent shares outstanding.

## **2.27 Operating Segments**

Operating segments are disclosed in the manner reported to the chief operating decision-maker (Note 33). The chief operating decision-maker is responsible for making strategic decisions on resource allocation and performance assessment of the operating segments. The Management Committee, which makes strategic decisions, is regarded as the chief operating decision-maker.

## **2.28 Convenience Translation into United States Dollar Amounts**

The Company operates primarily in Korean won and its official accounting records are maintained in Korean won. The US dollar amounts provided in the financial statements represent supplementary information solely for the convenience of the reader. All Korean won amounts are expressed in U.S. dollars at the rate of ₩1,052.70 to US \$1, the average exchange rate for the year ended December 31, 2014. Such presentation is not in accordance with generally accepted accounting principles, and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in US dollars at this or at any other rate.

## **2.29 Approval of the Consolidated Financial Statements**

These consolidated financial statements were approved by the Board of Directors on January 29, 2015.

## **3. Critical Accounting Estimates and Assumptions**

The Company makes estimates and assumptions concerning the future. The estimates and assumptions are continuously assessed, considering historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### **(A) Revenue Recognition**

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts to deliver installation services. Use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed. Revenues and earnings are subject to significant change, effected by early steps in a long-term projects, change in scope of a project, cost, period, and plans of the customers.

### **(B) Provision for Warranty**

The Company recognizes provision for warranty on products sold. The Company accrues provision for warranty based on the best estimate of amounts necessary to settle future and existing claims. The amounts are estimated based on past experience.

### **(C) Fair Value of Derivatives and Other Financial Instruments**

The fair value of financial instruments that are not traded in an active market is determined by using a variety of methods and assumptions that are mainly based on market conditions existing at the end of each reporting period.

#### (D) Net Defined Benefit Liabilities

The net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of the net defined benefit liability. The Company, in consideration of the interest rates of high-quality corporate bonds, determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the net defined benefit liability. The principal actuarial assumptions associated with the net defined benefit liability are based on the current market expectations.

#### (E) Estimated Impairment of Goodwill

At the end of each reporting period, the Company tests whether goodwill has become impaired by comparing the carrying amounts of cash-generating units to the recoverable amounts. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations, and these calculations are based on estimates.

#### (F) Income Taxes

Income taxes on the Company's taxable income from operating activities are subject to various tax laws and determinations of each tax authority across various countries throughout the world. There is uncertainty in determining the eventual tax effects on the taxable income from operating activities. The Company has recognized current tax and deferred tax at the end of the fiscal year based on the best estimation of future taxes payable as a result of operating activities. However, the resulting deferred income tax assets and liabilities may not equal the actual future taxes payable and such difference may impact the current tax and deferred income tax assets and liabilities upon the determination of eventual tax effects.

### 3. Other Financial Information

#### A. Matters of Interest

- Restatement of Financial Statements: N/A
- Acquisitions and Divestments (Separate only)  
Refer to 8.Acquisition and Divestments (VIII. Other Information Related to Investment Protection)

#### B. Allowance for Bad Debt

The allowances for bad debts over the past 3 years are as follows:

Bad debt allowance by account

(Unit: KRW million, %)

Period	Account	Receivables Amount	Allowance Amount	Allowance (%)
2014	Trade receivables	24,972,069	277,459	1.1%
	Short-term loans	9,650	118	1.2%
	Other receivables	3,549,692	9,817	0.3%
	Advances	1,993,788	4,318	0.2%
	Trade receivables (Long-term)	35,944	329	0.9%
	Other receivables (Long-term)	9,419	77	0.8%
	Advances (Long-term)	176,949	793	0.4%
	Long-term loans	176,232	1,246	0.7%
	Total	30,923,743	294,157	1.0%
2013	Trade receivables	25,256,002	267,470	1.1%
	Short-term loans	33,382	271	0.8%
	Other receivables	2,907,221	19,819	0.7%
	Advances	1,932,530	4,342	0.2%
	Trade receivables (Long-term)	36,229	205	0.6%
	Other receivables (Long-term)	24,384	227	0.9%
	Advances (Long-term)	76,429	792	1.0%
	Long-term loans	152,005	36,727	24.2%
	Total	30,418,182	329,853	1.1%
2012	Trade receivables	24,138,022	276,787	1.1%
	Short-term loans	60,843	675	1.1%
	Other receivables	2,815,696	2,335	0.1%
	Advances	1,676,804	2,376	0.1%
	Trade receivables (Long-term)	30,405	-	0.0%
	Other receivables (Long-term)	18,491	260	1.4%
	Advances (Long-term)	85,843	793	0.9%
	Long-term loans	166,689	643	0.4%
	Total	28,992,793	283,869	1.0%

※ Receivables amount is based on net present value (Consolidated)

※ Presented in accordance with Korean International Financial Reporting Standards (“K-IFRS”)

## Allowance for Bad Debt (Roll Forward)

(Unit: KRW million)

	2014	2013	2012
1. Allowance for bad debts (beginning balance)	329,853	283,869	259,161
2. Net Bad Debt Expense (① - ②±③)	49,349	17,833	53,433
① Bad Debt Expense (Write-off)	50,705	20,393	55,592
② Bad Debt Recovered	1,356	2,560	2,159
③ Others	-	-	-
3. Bad debts expense	13,653	63,817	78,141
4. Allowance for bad debts (Ending balance)	294,157	329,853	283,869

※ Based on consolidated financial statements.

### The guideline for Bad Debts Allowances

#### (1) Calculation of Bad Debts Allowances

- Bad Debts are calculated based on write-off experiences and future expected bad debts.

#### (2) Calculation Method for Write-Off Experience Rate:

- Experience rate of write-off: the actual write-off rate for the average receivables balance of previous three (3) years
- Future expected bad debts: Cases of debtor bankruptcy, compulsory execution, death, or disappearance are reflected in the bad debt allowance, ranging from 1% ~ 100% of the balance of trade-other receivable

[Bad Debt Allowance]

Situation	Rate of Allowance
Dispute or Conflict	25%
Receivable through utilization of third party collection agency	50%
Receivable under litigation	75%
Customer filed or in the process of filing bankruptcy	100%

#### (3) Instruction: Write-off is recorded when trade receivables contain the following characteristics:

- Objective proof of bad debts, such as bankruptcy, compulsory execution, discontinuance of business, debtor's death or disappearance
- Legal action has failed or the right of collection is extinguished.
- When the collection agency gives as notice that collection is not possible.
- When the collateral is sold or insurance is received.
- The collection expenses exceed the amount of receivables.



### The outstanding period of trade receivables

(Unit : KRW million)

	<b>Less than 6 months</b>	<b>6 months ~ 1 year</b>	<b>1 year ~ 3 years</b>	<b>More than 3 years</b>	<b>Total</b>
Amount	24,910,404	18,920	57,012	21,678	25,008,014
Ratio	99.6%	0.1%	0.2%	0.1%	100.0%

\* Receivables amount on net present value (consolidated)

## C. Inventory

- The inventory status by Division over the last three years is as follows:

(Unit: KRW million)

Division		Category	2014	2013	2012	Note
CE		Finished Goods	1,946,482	1,927,784	1,868,910	
		Work In Process	80,122	73,876	72,375	
		Raw Material	1,566,121	1,435,023	1,468,295	
		Material In Transit	1,694,448	1,689,040	1,634,797	
		Total	5,287,173	5,125,723	5,044,377	
IM		Finished Goods	2,210,160	2,896,647	3,113,848	
		Work In Process	279,861	333,109	305,543	
		Raw Material	2,751,331	3,363,195	2,736,050	
		Material In Transit	488,877	1,026,147	895,088	
		Total	5,730,229	7,619,098	7,050,529	
DS	Semi-Conductor Sub-Division	Finished Goods	777,450	1,219,189	1,317,615	
		Work In Process	3,677,543	3,022,125	2,461,713	
		Raw Material	419,398	351,646	486,166	
		Material In Transit	121,477	89,670	83,312	
		Total	4,995,868	4,682,630	4,348,806	
	DP Business Unit	Finished Goods	409,516	553,108	460,600	
		Work In Process	244,324	443,611	259,324	
		Raw Material	281,223	328,955	239,414	
		Material In Transit	55,176	4,988	63,721	
		Total	990,239	1,330,662	1,023,059	
	DS Total	Finished Goods	1,228,783	1,810,852	1,797,309	
		Work In Process	4,105,675	3,663,346	2,852,724	
		Raw Material	750,929	726,455	775,434	
		Material In Transit	178,218	98,897	150,237	
		Total	6,263,605	6,299,550	5,575,704	
Total	Finished Goods	5,773,448	7,429,350	6,837,250		
	Work In Process	4,465,071	4,070,266	3,230,576		
	Raw Material	5,957,006	6,809,112	5,081,396		
	Material In Transit	1,121,979	826,140	2,598,191		
	Total	17,317,504	19,134,868	17,747,413		
Inventory Ratio (%)– Total Assets [Inventory ÷ Total Assets]			7.5%	8.9%	9.8%	
Inventory Turn-over [ Yearly CGS ÷ {(Beginning of Inventory End of Inventory)÷2}]			7.0	7.5	7.6	

## Inventory Counts

### (1) Inspection Date

- End of May and November (twice a year)
- Performed check of the existence of inventories included in an accounting books and records on the inspection date

### (2) Inspection Method

- Internal warehouse: Closed & Total Inspection

※ Sample check in Semiconductor Sub-Division and DP Business Unit inventory, SVC materials

- Outside warehouse

Performed check of the possession confirmation documents and sample tests at third party warehouse and Inventory in transit

- External auditors join and observe the inspection and carry out sample test to check the existence and completeness.

## Inventory Aging and Valuation

Inventories are stated at the lower of cost or net realizable value. Inventory as at December 31<sup>st</sup>, 2014 is as follows:

(Unit : KRW million)

Category	Acquisition Cost	Inventory Valuation Reserve	Balance	Note
Finished Goods	6,011,078	237,630	5,773,448	
Work In Process	5,018,416	553,345	4,465,071	
Raw Material	6,244,161	287,155	5,957,006	
Material In Transit	1,121,979	-	1,121,979	
Total	18,395,634	1,078,130	17,317,504	

※ Prepared on a consolidated basis

## D. Fair Value Estimation

(1) Carrying amounts and fair values of financial instruments by category as at December 31, 2014 and 2013 are as follows:

(In millions of Korean won)	2014		2013	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and cash equivalents <sup>1</sup>	₩ 16,840,766	₩ -	₩ 16,284,780	₩ -
Short-term financial instruments <sup>1</sup>	41,689,776	-	36,722,702	-
Short-term available-for-sale financial assets	3,286,798	3,286,798	1,488,527	1,488,527
Trade receivables <sup>1</sup>	24,694,610	-	24,988,532	-
Long-term available-for-sale financial assets <sup>2</sup>	12,667,509	12,272,756	6,238,380	5,850,155
Other	4,762,971	4,725,263	5,472,956	5,436,470
<b>Total financial assets</b>	₩ 103,942,430		₩ 91,195,877	
<b>Financial liabilities</b>				
Trade payables <sup>1</sup>	₩ 7,914,704	₩ -	₩ 8,437,139	₩ -
Short-term borrowings <sup>1</sup>	8,029,299	-	6,438,517	-
Other payables <sup>1</sup>	9,258,344	-	7,877,581	-
Current portion of long-term liabilities <sup>1</sup>	1,778,667	-	2,425,831	-
Debentures	1,355,882	1,377,113	1,311,068	1,327,569
Long-term borrowings	101,671	82,271	985,117	971,844
Long-term other payables	2,520,277	2,606,179	1,023,714	1,090,580
Other <sup>1</sup>	11,474,129	-	10,862,512	-
<b>Total financial liabilities</b>	₩ 42,432,973		₩ 39,361,479	

<sup>1</sup> Assets and liabilities whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

<sup>2</sup> Amount measured at cost (2014: ₩394,753 million, 2013: ₩388,225 million) is excluded as the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

(2) The following table presents the assets and liabilities, by level, that are measured at fair value:

		<b>2014</b>			
<i>(In millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>	
<b>1) Assets</b>					
Short-term available-for-sale financial assets	₩ 1,016,878	₩ 2,269,920	₩ -	₩ 3,286,798	
Long-term available-for-sale financial assets <sup>1</sup>	5,776,836	3,050,338	3,445,582	12,272,756	
Other	-	45,898	102,513	148,411	
<b>2) Liabilities</b>					
Derivatives	-	78,348	-	78,348	
		<b>2013</b>			
<i>(In millions of Korean won)</i>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total balance</b>	
<b>1) Assets</b>					
Short-term available-for-sale financial assets	₩ 1,257,492	₩ 231,035	₩ -	₩ 1,488,527	
Long-term available-for-sale financial assets <sup>1</sup>	4,399,314	957,463	493,378	5,850,155	
Other	-	40,552	-	40,552	
<b>2) Liabilities</b>					
Derivatives	-	244,172	-	244,172	

<sup>1</sup> Amount measured at cost (2014: ₩394,753 million, 2013: ₩388,225 million) is excluded as the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed.

The levels of the fair value hierarchy and its application to financial assets and liabilities are described below.

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 are listed equity investments classified as trading securities or available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.

Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. For trade and other receivables, the book value approximates a reasonable estimate of fair value.

### (3) Valuation technique and the inputs

The Company utilizes a present value technique to discount future cash flows at a proper interest rate for corporate bonds, government and public bonds, and bank debentures that are classified as Level 2 in the fair value hierarchy.

The following table presents the valuation technique and the inputs used for major financial instruments classified as Level 3.

<i>(In millions of Korean won)</i>				
Classification	Fair Value	Valuation Technique	Level 3 Inputs	Input Range (Weighted Average)
Long-term available-for-sale financial assets				
Taewon Electric	₩ 17,094	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00%~1.00% (0%) 7.76%~9.76% (8.76%)
Samsung Venture Investment	6,586	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00%~1.00% (0%) 7.74%~9.74% (8.74%)
Samsung General Chemicals	100,051	Discounted cash flow	Permanent growth rate Weighted average cost of capital	-1.00%~1.00% (0%) 10.48%~12.48% (11.48%)
Coming Incorporated convertible preferred stock	3,106,333	Trinomial model	Risk adjusted discount rate Price volatility	4.96%~6.96% (5.96%) 30.5%~36.5% (33.5%)
Derivatives				
Embedded derivatives (convertible bonds)	2,462	Binomial model	Discount rate Stock price volatility	5.16%~10.3% (7.78%) 11.88%~17.6% (14.53%)

(4) Changes in Level 3 instruments:

<i>(In millions of Korean won)</i>	<b>2014</b>		<b>2013</b>	
Balance as at January 1	₩	493,378	₩	389,195
Purchases		2,586,120		151,741
Disposals		(97,487)		(46,357)
Amount recognized in profit or loss		(67,581)		(5,177)
Amount recognized in other comprehensive income		646,856		2,615
Other		(13,191)		1,361
Balance as at December 31	₩	3,548,095	₩	493,378

(5) Sensitivity analysis for recurring fair value measurements categorized within Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or most unfavorable.

The results of the sensitivity analysis for the effect on profit or loss (before-tax amount for other comprehensive income or loss) from changes in inputs for each financial instrument which is categorized within Level 3 and subject to sensitivity analysis, are as follows:

<i>(In millions of Korean won)</i>	<b>Favorable Changes</b>		<b>Unfavorable Changes</b>					
	<b>Profit or Loss</b>	<b>Equity</b>	<b>Profit or Loss</b>	<b>Equity</b>				
Long-term available-for-sale financial assets <sup>1</sup>	₩	-	₩	231,909	₩	-	₩	(225,568)
Embedded derivatives (convertible bonds) <sup>2</sup>		466		466		(475)		(475)
Total	₩	466	₩	232,375	₩	(475)	₩	(226,043)

<sup>1</sup> Changes in fair value are calculated by increasing or decreasing the correlation between volatility (30.5% to 36.5%) and discount rate for convertible preferred stock. Similarly, for other equity securities, changes in fair value are calculated with the correlation between growth ratio (-1% to 1%) and discount rate, which are significant unobservable inputs.

<sup>2</sup> For equity derivatives, changes in their fair value are calculated by increasing or decreasing the correlation between stock prices and volatility by 10%.

(6) Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value as at December 31, 2014 and 2013, are as follows:

(In millions of Korean won)

Classification	Carrying amount	2014			Total
		Level 1	Level 2	Level 3	
Assets					
Other	₩ 4,614,560	₩ -	₩ 4,576,852	₩ -	₩ 4,576,852
Liabilities					
Debentures	1,355,882	-	1,377,113	-	1,377,113
Long-term borrowings	101,671	-	82,271	-	82,271
Long-term other payables	2,520,277	-	2,606,179	-	2,606,179

(In millions of Korean won)

Classification	Carrying amount	2013			Total
		Level 1	Level 2	Level 3	
Assets					
Other non-current assets	₩ 5,432,404	₩ -	₩ 5,395,918	₩ -	₩ 5,395,918
Liabilities					
Debentures	1,311,068	-	1,327,569	-	1,327,569
Long-term borrowings	985,117	-	971,844	-	971,844
Long-term other payables	1,023,714	-	1,090,580	-	1,090,580

As at December 31, 2014, assets and liabilities not measured at fair value but for which the fair value is disclosed and categorized within Level 2 in the fair value hierarchy, are measured using the present value technique which discounts future cash flows with appropriate interest rates.



## IV. Auditor's Report

### 1. Introduction

Samil PwC has audited the financial year end consolidated/separate financial position of the Company as of December 31, 2014, and the related financial year end consolidated/separate statements of income and comprehensive income for the year ended December 31, 2014, and the consolidated/separate statements of changes in equity and cash flows for the year ended December 31, 2014. Nothing has come to attention that causes them to believe the accompanying year end consolidated/separate financial statements are not presented fairly, in all material respects, in accordance with K-IFRS. Samil PwC also conducted audits on the consolidated/separate financial statement of financial position of the Company as of December 31, 2012 and 2013, and the related consolidated/separate statements of income, comprehensive income, changes in equity and cash flows for the years then ended and expressed an unqualified opinion on those financial statements. There were no auditor changes at any subsidiaries for the year ended December 31, 2014. There are 8 newly incorporated/acquired entities, and 6 of them, such as Samsung Display Bac Ninh, appointed PwC as the auditor and 2 of them, such as SVIC #26, appointed Deloitte Anjin as external auditor at their own decision.

Year end	Company Auditor	Audit Opinion	Remarks
31 December 2014	Samil PwC	Unqualified	Not applicable
31 December 2013	Samil PwC	Unqualified	Not applicable
31 December 2012	Samil PwC	Unqualified	Not applicable

<Audit (Review) plan for the year ended December 31, 2014 >

Audit (review) Period		Planned dates
2014 Q1	Pre-review	2014.03.10 ~ 2014.03.28
	Review	2014.04.07 ~ 2014.05.09
2014 Q2	Pre-review	2014.06.09 ~ 2014.06.27
	Review	2014.07.09 ~ 2014.08.08
2014 Q3	Pre-review	2014.09.08 ~ 2014.09.26
	Review	2014.10.07 ~ 2014.11.07
System and Internal Control Audit		2014.08.25 ~ 2014.09.26
Audit procedures		2014.12.01 ~ 2015.01.28
Completion of final audit procedures		2015.01.29 ~ 2015.02.24

## [Audit Contract Description]

(In millions of Korean won)

Fiscal Year	Company Auditor	Description	Compensation	Total Hours
Year ended December 31, 2014	Samil PwC	- Review of the interim consolidated/separate financial statements - Audit on consolidated/separate financial statements	3,690	43,411
Year ended December 31, 2013	Samil PwC	- Review of the interim consolidated/separate financial statements - Audit on consolidated/separate financial statements	3,840	44,702
Year ended December 31, 2012	Samil PwC	- Review of the interim consolidated/separate financial statements - Audit on consolidated/separate financial statements	3,660	43,572

Samil PwC has performed non-audit services and has been paid KRW 2,987 million by the Company for the year ended December 31, 2014.

## [Non-Audit Service Contract Description]

(In millions of Korean won)

Fiscal Year	Contract Date	Non-audit Service Description	Period for Service	Compensation	Note
Year ended December 31, 2014	September 2013	Incorporation, M&A and Divestiture Advisory	2014.01~2014.12	1,161	
	August 2013	Tax Advisory	2014.01~2014.12	533	
	October 2013	Process Improvement Advisory	2014.01~2014.12	996	
		Others		297	
	Subtotal			2,987	
Year ended December 31, 2013	November 2012	Incorporation, M&A and Divestiture Advisory	2013.01~2013.12	2,466	
	August 2012	Tax Advisory	2013.01~2013.12	2,272	
	June 2012	Process Improvement Advisory	2013.01~2013.12	1,896	
		Others		1,573	
	Subtotal			8,207	

Fiscal Year	Contract Date	Non-audit Service Description	Period for Service	Compensation	Note
Year ended December 31, 2012	January 2012	Incorporation, M&A and Divestiture Advisory	2012.01~2012.12	3,520	
	January 2011	Tax Advisory	2012.01~2012.12	3,995	
	November 2011	IP Advisory	2012.01~2012.12	1,287	
	January 2012	Process Improvement Advisory	2012.01~2012.12	2,815	
		Others		802	
		Subtotal			12,419

## 2. Regarding Internal Control

Samil PwC has reviewed management's report on the operations of the Internal Accounting Control System ("IACS") of the Company as of December 31, 2014 and nothing has come to attention that causes them to believe that management's report on the operations of the IACS is not presented fairly, in all material respects, in accordance with IACS standards.

Samil PwC has audited the financial year end consolidated/separate financial position of the Company as of December 31, 2014, and the related financial year end consolidated/separate statements of income and comprehensive income for the year ended December 31, 2014, and the consolidated/separate statements of changes in equity and cash flows for the year ended December 31, 2014. Nothing has come to attention that causes them to believe the accompanying year end consolidated/separate financial statements are not presented fairly, in all material respects, in accordance with K-IFRS. Samil PwC also conducted audits on the consolidated/separate financial statement of financial position of the Company as of December 31, 2012 and 2013, and the related consolidated/separate statements of income, comprehensive income, changes in equity and cash flows for the years then ended and expressed an unqualified opinion on those financial statements. There were no auditor changes at any subsidiaries for the year ended December 31, 2014. There are 8 newly incorporated/acquired entities, and 6 of them, such as Samsung Display Bac Ninh, appointed PwC as the auditor and 2 of them, such as SVIC #26, appointed Deloitte Anjin as external auditor at their own decision.

## V. Management Discussion and Analysis

### 1. Note on Forward-Looking Statements

This annual report includes forward-looking statements that relate to future events and can be generally identified by phrases containing words such as “believes,” “expects,” “anticipates,” “foresees,” “forecasts,” “estimates” or other words or phrases of similar meaning. These forward-looking statements are not guarantees of future performance and may involve known and unknown risks, uncertainties and other factors that may affect our actual results, performance, achievements or financial position, making them materially different from the actual future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Unless otherwise specified, all data presented in this report is from our consolidated financial statements.

Uncertain events that could positively or negatively affect the Company’s management condition and financial performance include:

- Trends of financial markets domestically and abroad, including changes in exchange rates and interest rates
- The Company’s strategic decision making, including disposals and purchases of businesses
- Unexpected sudden changes in core businesses such as CE, IM, Semiconductor, and DP
- Other changes domestically and abroad that can affect management condition and financial performance

The Company assumes no obligation to revise or update this report to reflect risks or uncertainties that arise after the reporting period.

### 2. Overview

Even though the U.S. economy showed gradual signs of recovery in 2014, political and economic uncertainties persisted including a slowdown in China’s growth and growing tension in Russia and the Middle East. Accordingly, South Korea’s economy also remained weak.

Despite intensifying price competition, we achieved record consolidated sales of KRW 206 trillion, operating profit of KRW 25 trillion, stand-alone sales of KRW 138 trillion, and net profit of KRW 15 trillion.

From a financial management perspective, we maintained a sound capital structure with a consolidated debt to equity ratio of 37.1%, capital adequacy ratio of 72.9%, and ROE of 14.7%. Additionally, the parent company had a debt to equity ratio of 23.7%, a capital adequacy ratio of 80.9%, and an ROE of 11.4%. Furthermore, , our brand value rose to USD 45.5 billion, a 15% increase from the previous year, and ranked seventh in the global corporate list according to the Interbrand survey as of October 2014.

During the year, we continued to lead the industry by launching products featuring advanced design and the industry leading technology. We began mass production of the world’s best performing and highest-density server DRAM memory modules and led the premium TV market with our UHD TV and curved TV.

As uncertainties in the global economy are expected to persist in 2015 due to an increase in the U.S. interest rate, economic recession in the Eurozone, and financial risks in emerging countries resulting from a sharp fall in crude oil prices, we expect growth in our core product markets to slow and competition to intensify.

Even under the rapidly changing business environment and difficult circumstances, we will strive to reinforce the technological competitiveness of our existing businesses and secure opportunities in the future by discovering new businesses.

### 3. Financial Position and Performance (Consolidated)

#### A. Financial Position

(Unit: KRW million)

Classification	2014	2013	Increase/decrease	% change
Total assets	230,422,958	214,075,018	16,347,940	7.6%
Current assets	115,146,026	110,760,271	4,385,755	4.0%
- Cash and cash equivalents	16,840,766	16,284,780	555,986	3.4%
- Short-term financial instruments	41,689,776	36,722,702	4,967,074	13.5%
- Available-for-sale financial assets	3,286,798	1,488,527	1,798,271	120.8%
- Trade and other receivables	24,694,610	24,988,532	△293,922	△1.2%
- Inventories	17,317,504	19,134,868	△1,817,364	△9.5%
- Other current assets	11,316,572	12,140,862	△824,290	△6.8%
Non-current assets	115,276,932	103,314,747	11,962,185	11.6%
- Available-for-sale financial assets	12,667,509	6,238,380	6,429,129	103.1%
- Associates and joint ventures	5,232,461	6,422,292	△1,189,831	△18.5%
- Property, plant and equipment	80,872,950	75,496,388	5,376,562	7.1%
- Intangible assets	4,785,473	3,980,600	804,873	20.2%
- Other non-current assets	11,718,539	11,177,087	541,452	4.8%
Total liabilities	62,334,770	64,059,008	△1,724,238	△2.7%
Current liabilities	52,013,913	51,315,409	698,504	1.4%
Non-current liabilities	10,320,857	12,743,599	△2,422,742	△19.0%
Total equity	168,088,188	150,016,010	18,072,178	12.0%
Total liabilities and equity	230,422,958	214,075,018	16,347,940	7.6%
Capital adequacy ratio	72.9%	70.1%	2.8%p	-
Debt-to-equity ratio	37.1%	42.7%	△5.6%p	-
Inventory turnover	7.0	7.5	△0.5	-

※ Presented in accordance with Korean International Financial Reporting Standards ("K-IFRS")

- Samsung Electronics' total assets in 2014 were KRW 230.423 trillion, an increase of KRW 16.348 trillion (7.6%) from the previous year. This includes an increase of KRW 5.4 trillion in property, plant and equipment from large-scale facilities investment, as well as an increase of KRW 6.4 trillion in long-term available-for-sale financial assets due to acquisition of Corning shares and purchase of bank debentures.

- Total liabilities were KRW 62.335 trillion, a decrease of KRW 1.724 trillion (2.7%) from the previous year. This includes an increase of KRW 698.5 billion (1.4%) in current liabilities and a decrease of KRW 2.423 trillion (19.0%) in non-current liabilities.

- Total equity was KRW 168.088 trillion, an increase of KRW 18.072 trillion (12.0%) from the previous year. Retained earnings increased by KRW 20.929 trillion primarily from net income of KRW 23.394 trillion.

- In terms of financial ratios, the Company maintained the financial structure of a world-class company as the capital adequacy ratio increased by 2.8% from the previous year to 72.9% and the debt-to-equity ratio decreased by 5.6% from the previous year to 37.1%.

## B. Performance

(Unit: KRW million)

Classification	2014	2013	Increase/decrease	% change
Sales	206,205,987	228,692,667	Δ22,486,680	Δ9.8%
Cost of sales	128,278,800	137,696,309	Δ9,417,509	Δ6.8%
Gross profit	77,927,187	90,996,358	Δ13,069,171	Δ14.4%
Selling and administrative expenses	52,902,116	54,211,345	Δ1,309,229	Δ2.4%
Operating profit	25,025,071	36,785,013	Δ11,759,942	Δ32.0%
Other revenue	3,801,357	2,429,551	1,371,806	56.5%
Other expenses	2,259,737	1,614,048	645,689	40.0%
Gain on valuation using the equity method of accounting	342,516	504,063	Δ161,547	Δ32.0%
Financial revenue	8,259,829	8,014,672	245,157	3.1%
Financial expenses	7,294,002	7,754,972	Δ460,970	Δ5.9%
Income before income tax expense	27,875,034	38,364,279	Δ10,489,245	Δ27.3%
Income tax expense	4,480,676	7,889,515	Δ3,408,839	Δ43.2%
Net income	23,394,358	30,474,764	Δ7,080,406	Δ23.2%

※ Presented in accordance with Korean International Financial Reporting Standards (“K-IFRS”)

- In 2014, despite the increase in sales of semiconductors, including memory, intensifying competition in the smartphone market led to a 9.8% decrease in revenue compared to the previous year, with revenues of KRW 206 trillion recorded for 2014.

- Operating profit decreased by 32.0% to KRW 25.025 trillion, income before income tax expense decreased by 27.3% to KRW 27.875 trillion, and net income decreased by 23.2% to KRW 23.394 trillion.

### Performance by division

[Unit: KRW million]

Classification	Division	Business	2014		2013		% change	
			Amount	Share	Amount	Share	Amount	(%)
Revenue	CE		50,183,135	24.3%	50,331,515	22.0%	Δ148,380	Δ0.3%
	IM		111,764,544	54.2%	138,817,219	60.7%	Δ27,052,675	Δ19.5%
	DS	Semiconductor	39,729,902	19.3%	37,436,579	16.4%	2,293,323	6.1%
		DP	25,727,169	12.5%	29,837,116	13.0%	Δ4,109,947	Δ13.8%
		Total	65,789,806	31.9%	67,760,906	29.6%	Δ1,971,100	Δ2.9%
	Overall sales		206,205,987	100.0%	228,692,667	100.0%	Δ22,486,680	Δ9.8%
Operating profit	CE		1,184,325	4.7%	1,673,343	4.5%	Δ489,018	Δ29.2%
	IM		14,562,885	58.2%	24,957,741	67.8%	Δ10,394,856	Δ41.6%
	DS	Semiconductor	8,776,442	35.1%	6,887,978	18.7%	1,888,464	27.4%
		DP	660,181	2.6%	2,980,563	8.1%	Δ2,320,382	Δ77.9%
		Total	9,430,915	37.7%	10,000,665	27.2%	Δ569,750	Δ5.7%
	Overall operating profit		25,025,071	100.0%	36,785,013	100.0%	Δ11,759,942	Δ32.0%

#### [CE Division]

- The CE division's 2014 revenue decreased by 0.3% from the previous year to KRW 50.183 trillion. Consolidated operating profit decreased by KRW 489 billion compared to the previous year to KRW 1.184 trillion.

- Despite a depressed economy and weak demand from developed markets, we maintained our growth momentum mainly with our market-leading premium products such as ultra-high definition UHD TV and refrigerators.

For flat panel TVs, we maintained our No. 1 position in total TV market share, including FPTV and LCD-TV, for the ninth consecutive year. We again achieved the "Triple Crown" thanks to our competitive advantages in technology and design. We continued to widen the gap with our competitors and, as a result, solidified our top position in the market.

In 2015, we will continue to enhance our product leadership through exclusive design features in the premium and over-60" large-size line ups, and lead the market with ultra-high definition SUHD TV.

## [IM Division]

- The IM division's revenue and profitability decreased compared to the previous year. 2014 revenue decreased by 19.5% to KRW 111.765 trillion and operating profit declined by 41.6% to KRW 14.563 trillion.

- Despite stronger demand in emerging markets and an increase in premium smartphone sales, our market share and earnings declined compared to the previous year due to enhanced mid to low-end smartphone competitiveness of Chinese local makers and the launch of a large screen premium smartphone by competitors.

In the premium market, the new Note line up and Galaxy Gear S, VR, and Circle are getting positive feedback based on the Galaxy brand image, achieving strong sales from the fourth quarter.

This year, we will reinforce our leadership in the premium market based on differentiated design with new technologies, such as flexible display, and continue to increase mass-market dominance through various line ups. In addition, we will strengthen our position as a market leader who consistently provides new value to customers by investing in wearable products tailored to customers' needs, including Gear S, VR, and Circle, and new growth engines such as Mobile Health Care and B2B.

## [Semiconductor]

- The semiconductor business's 2014 revenue increased by 6.1% from the previous year to KRW 39.730 trillion. Operating profit increased by 27.4% compared to the previous year to KRW 8.776 trillion.

- Amid stable demand in the memory market, we enhanced our cost competitiveness and increased high value-added product sales. As a result, our earnings improved remarkably. We also increased investment in the advanced process technologies to reinforce our technology leadership.

- For DRAM, while ASP remained strong due to overall supply shortage, supply remained unstable in the fourth quarter of 2014. In particular, as other makers are experiencing a delay in producing cutting-edge high-performance and high-density products such as DDR4 and LPDDR4, we had a high level of demand. For NAND, supply and demand condition has been stabilizing since the second half of 2014 led by increased adoption in new smartphones and expansion of SSD adoption.

In the first quarter of 2015, we expect the cloud server and mid to low-end mobile markets to grow. Accordingly, we plan to increase differentiated products based on cutting-edge processes and respond to each application by using various product line ups so that we can continue to lead the market as the No.1 memory maker.

We have been maintaining our research and development competitive advantage which is over one year ahead of peer companies. We are also reinforcing our market leadership by launching premium products.

For DRAM, we are leading the market by stabilizing production and yield of 20nm products and accelerating development of 10nm DRAM. As for NAND, we are aggressively entering the premium market by adding V-NAND in high-performance SSD, and expanding the share of high-quality 3bit products to maximize cost competitiveness.

Looking forward to 2015, we will maintain our industry leadership as the No. 1 memory maker by leveraging our technological advantages and cost competitiveness from advanced process development. We will continue to expand our market dominance by further improving cost competitiveness and offering differentiated products through advanced process development.

- For System LSI, we expect continued growth of mobile products in 2015 as the mid to low-end smartphone and tablet markets expanded further in emerging markets in 2014.



For SOC products, demand for mobile IC, such as AP and modem SOC, is on the rise. Demand for an integrated chip, which provides all functions at once, is also increasing due to the expansion of the mid to low-end smartphone and tablet markets. We are securing the competitiveness of CIS products in emerging markets by differentiating our hardware with high-pixel technology. In response to this increasing demand for mid to low-end IC chips, we plan to release more competitive products earlier than competitors by leveraging our advanced process advantages.

The System LSI market is growing mainly due to mobile. We expect the wearable device and IOT markets to grow further. Our AP business profits are driven by increased 28/20nm AP offerings. In the first quarter of 2015, we will introduce 14nm products to solidify our technological advantages. Additionally, we will further reinforce our competitiveness in AP by expanding the modem/ModAP business and mass producing connectivity products. For the foundry business, we are strengthening our market leadership by developing leading-edge processes, such as next-generation 14nm process, that are ahead of our competitors.

#### **[DP]**

- The DP division's 2014 revenue decreased by 13.8% from the previous year to KRW 25.727 trillion. Operating profit decreased by 77.9% compared to the previous year to KRW 660.2 billion.

- We responded to the market needs in a timely manner by expanding sales of panels for curved and over-60" UHD TV based on solid demand for large-size TV panel. However, small to medium size panel earnings decreased compared to the previous year due to a decline in tablet market demand.

For the large size panel business, we improved our manufacturing competitiveness by enhancing yield and reducing product defect rates across all product line ups based on our TFT-LCD technologies. We further strengthened our competitive advantages by offering full line ups in large size TV panels and developing panels for curved TV.

For cost savings, we are continuing our efforts to develop highly transparent panels and to localize key manufacturing equipment. We will strengthen partnerships with customers in technology and product development to maintain the highest utilization rate in the industry and to maximize profitability.

For the small to medium size panel business, we expect the product line ups to expand from premium smartphones to mid to low-end, and the trends toward higher resolution as well as higher size smartphone panel to continue. We will reinforce our position in the premium market with our flexible and ultra-high resolution products, and focus on securing mid to long-term growth momentum and strengthening business competitiveness by expanding our customer base in the mid to low-end market.

In 2015, we plan to expand premium product sales, including high-quality curved and over-60" UHD TV, actively respond to the market demand by reinforcing our mass-market display panel competitiveness, and strengthen cost competitiveness to improve profitability. In addition, while we secure product competitiveness through next-generation displays, we will also focus on developing future technologies such as transparent display to cement our position as a market-leading display maker.

### **C. New businesses**

N/A

## **D. Changes in Organizational Structure**

In December 2009, following an organizational change, the Company was reorganized from a two-divisional system (DMC and DS) to a system of seven independent business units. Additionally, the total number of regional headquarters increased to 10, as the Africa regional headquarters was newly established.

In April 2010, the Digital Imaging business unit was added through a merger with Samsung Digital Imaging. In December 2010, an overseas semiconductor division was changed from a subsidiary to a regional headquarters.

In July 2011, the Company established the DS business headquarters to reinforce synergies in the component business. In December 2011, following an organizational change, the DMC division was re-established and the Company returned to a two-divisional system (DMC and DS).

In April 2012, the LED business unit was added through a merger with Samsung LED.

In May 2012, the Japan regional headquarters was established under the DS division.

In December 2012, following an organizational change, the CE and IM businesses were upgraded to individual division status, and the IT Solution business was divided into the Printing Solution and Computer businesses. The Printing Solution business was incorporated into the CE division, and the Computer business was integrated into the Mobile business under the IM division. The Medical Device business team was upgraded to a business unit within the CE division.

In December 2013, the Digital Imaging business was changed to a team unit, and then was integrated with the Mobile business.

No changes have made during 2014.

(Refer to 『2. Company History』 of 『I. Corporate Overview』 for more details about changes in the organizational structure.)

## **E. Foreign Exchange Risk**

The Company is exposed to foreign exchange risks of currencies, including USD, in carrying out business activities. Uncertainty related to exchange rates could influence business transactions, assets and liabilities in the future. In particular, as the Company exports more than it imports, won cash flow can be negatively impacted when the won is strong. As such, the Company focuses on minimizing foreign exchange risk by matching foreign currency income and expenditure and does not hedge foreign currencies using derivatives. In particular, macroeconomic factors such as a fall in KRW/USD exchange rate and global policies to move away from ultra-low interest rates can negatively impact the Company's profitability.

## **4. Liquidity, Financing, and Expenditure**

As of the end of 2014, the Company has KRW 61.817 trillion of liquid funds.

These liquid funds include i) cash and cash equivalents, ii) short-term financial instruments, and iii) short-term available-for-sale securities. This balance increased by KRW 7.321 trillion from KRW 54.496 trillion at the end of the previous period.

The Company's short-term borrowings (including alternatives for liquidity) are KRW 9.808 trillion, an increase of KRW

943.7 billion from KRW 8.864 trillion of the end of the previous year. Long-term borrowings are KRW 1.458 trillion, a decrease of KRW 838.6 billion from KRW 2.296 trillion of the end of the previous year.

The Company's net cash (liquid funds - borrowings) is KRW 50.552 trillion, which is an increase of KRW 7.216 trillion from KRW 43.336 trillion of the end of the previous period.

The Company has ample liquidity according to the liquidity assessment index of the global credit rating agency Moody's. The Company's cash coverage (cash and cash equivalents/borrowings), which is a major liquidity index that Moody's uses, corresponds to the highest level, Aaa.

	2014	2013	Note
Cash Coverage (Cash and cash equivalents /borrowings)	549%	488%	Moody's rating Aaa : >100%

## 5. Other Information for Investment Decision Making

### A. Significant accounting policies and estimation

- Refer to 『2. Note to Consolidated Financial Statements』 in 『III. Financial Affairs』 for significant accounting policies and estimates.

### B. Environment and employees

- Refer to 『5. Sanctions and others』 in 『XI. Other information for investor protection』 for environmental sanctions or administrative actions.

- No significant changes in employee positions during this period.

### C. Legal regulations

- Refer to 『5. Sanctions and others』 of 『XI. Other information for investor protection』 for major legal regulations on the Company's businesses.

### D. Derivatives and risk management policy

- To manage exchange rate risk, overseas companies enter into currency forwards which are denominated in the trading currency of a foreign currency position as opposed to the companies' reporting currencies. Overseas offices buy or sell currency forwards with less than one year maturity via a bank to avert risk.

## VI. Corporate Governance

### 1. Board of Directors

#### A. Overview of Board of Directors

As of December 31, 2014, the Board of Directors (BOD) consists of nine (9) directors, four (4) of whom are executive directors (Oh-Hyun Kwon, Boo-Keun Yoon, Jong-Kyun Shin, and Sang-Hoon Lee) and five (5) independent directors (In-Ho Lee, Han-Joong Kim, Kwang-Soo Song, Byeong-Gi Lee, and Eun-Mee Kim). The Board has six (6) committees as follows: Management Committee, Audit Committee, Independent Director Recommendation Committee, Related Party Transactions Committee, Compensation Committee, and CSR Committee.

#### B. The BOD Agendas considered and voting results

Date	Agenda	Results	Independent directors				
			In-Ho Lee	Han-Joong Kim	Kwang-Soo Song	Byeong-Gi Lee	Eun-Mee Kim
Jan 24, 2014	① Approval of FY2013 financial statements and annual business report ② Approval of FY2014 business plan ③ Revision to management committee regulations ④ Participation in Samsung BioLogics equity rights offerings ⑤ Appointment of compliance officer	Approved  Approved Approved Approved Approved	For	For	For	For	For
	※ <i>Reported Items</i> ① Report on the internal accounting management system ② Assessment of the internal accounting management system ③ Report on the results of establishment of research committee for environmental safety						
Feb 18, 2014	① Decision to convene the 45 <sup>th</sup> (FY2014) AGM ② Decision of the 45th AGM agenda items - report items: 1) FY2013 annual audit report 2) FY2013 annual business report - Item 1: Approval of FY2013 financial statements, including balance sheet, income statement, and the statement of appropriation of retained earnings, etc. - Item 2: Approval of remuneration limit for Directors ③ Donation to Chung-nam Samsung Institute	Approved Approved  Approved	Did not attend	For	For	For	Did not attend
	※ <i>Reported Item</i> ① Report on the results of compliance review						
Apr 29, 2014	① Approval of 1Q FY14 financial statements and business report ② Renewal of the existing Directors' liability insurance policy ③ Donation ④ Application for Venture Capital Union	Approved Approved Approved Approved	For	For	For	For	For
Jun 03, 2014	① Disposal of technology assets ② Equity investments ③ A property leasing contract with Samsung Display	Approved Approved Approved	For	For	For	For	For
	※ <i>Reported Items</i> ① Research results and findings from the advancement of corporate ecosystem research council ② Reported Progress of research results for the environmental safety						

Jul 31, 2014	① Approval of the 46th 1H14 financial statements, business report, and interim dividend	Approved	For	For	For	For	For
	② Approval of Samsung Asset Management annual trade volume	Approved	For	For	For	For	For
	③ Application for property insurance	Approved	For	For	For	For	For
	④ Donation to Sungkyunkwan University	Approved	For	For	For	For	For
	⑤ Donation to Samsung Science & Technology Foundation	Approved	For	For	For	For	For
Oct.30 2014	① Approval of the 46th 3Q14 financial statements and business report	Approved	For	For	For	For	Did not attend
Nov.26 2014	① Approval of transactions with affiliate persons	Approved	For	For	For	For	Did not attend
	③ Payment of retirement pensions	Approved	For	For	For	For	
	④ Equity investments	Approved	For	For	For	For	
	⑤ Real estate rental from Samsung Life Insurance	Approved	For	For	For	For	
	⑥ Acquisition of treasury stock	Approved	For	For	For	For	

## C. The Committees of BOD

### (1) Composition of the BOD Committees as of December 31, 2014

Committee Name	Members	Member Name	Responsibility and Authority
Management	4 Executive Directors	Oh-Hyun Kwon, Boo-Keun Yoon, Jong-Kyun Shin, Sang-Hoon Lee	See description below
Related Party Transactions	3 Independent Directors	In-Ho Lee, Han-Joong Kim, Kwang-Soo Song	
Compensation	3 Independent Directors	Kwang-Soo Song, In-Ho Lee, Byeong-Gi Lee	
CSR	5 Independent Directors	Byeong-Gi Lee, In-Ho Lee, Han-Joong Kim, Kwang-Soo Song, Eun-Mee Kim	

※ The Audit Committee and Independent Director Recommendation Committee were excluded according to *Corporate Disclosure Guidelines* set forth by the *Financial Supervisory Service Authority* of South Korea.

#### i) The Management Committee

- **Responsibility:** The Management Committee deliberates and decides on matters specified by the BOD regulations and resolutions or specifically delegated by the BOD. The composition and operation of the management committee are determined by the BOD.

- **Authority**

The Management Committee deliberates and decides on the following matters:

#### (A) General management

1. Annual or mid to long-term management policy and strategy
2. Key management strategy
3. Business planning and restructuring
4. Establishment, relocation, and withdrawal of overseas branch and corporation
5. Initiating cooperation such as strategic partnership with foreign companies
6. Acquisition or disposal of domestic and overseas subsidiaries
7. Other major management matters
8. Establishment, relocation, and withdrawal of branches and operations
9. Appointment or dismissal of supervisors
10. Suspension or shutdown of production over 5% of the total production in the recent year

11. Licensing agreements and technology transfer, partnership in regards to technology of over 0.5% of the total equity
12. Acquisitions and transfers of patents related to new material and new technology of over 0.5% of the total equity
13. Collection and destruction of products corresponding to over 5% of the total sales in the recent business year
14. Contracting for over 5% of the total sales in the recent business year
15. Contracting or canceling of single sales agency and suppliers over 5% of the total sales in the recent business year
16. Set basic principles of organization management
17. Decision making on basic principles and any changes related to wages, bonus, and fringe benefits
18. Appointments, dismissals and changes of transfer agent
19. Closing of shareholder register and setting reference date
20. Establishing corporate guidelines for business and management related activities
21. Donations over KRW 50 billion per donation. Donation to related parties between KRW 1 billion and KRW 5 billion

(B) Matters related to Finance

1. Acquisitions or disposals of equity investments with a value between 0.1% and/or less than 2.5% of the total equity
2. Direct overseas investments with a value of over 0.1% and/or less than 2.5% of the total equity
3. New debt guarantee (excluding extension of period) or collateral issuance with a value of over 0.1% and/or less than 2.5% of the total equity
  - A. Collateral: Only in the case of providing collateral for others
  - B. Guarantee: Excludes performance guarantee (e.g., bid, contract, defect, difference guarantee) and tax payment guarantee
4. New credit agreement contract (excluding extension of period) with a value of over 0.1% and/or less than 5% of the total equity
5. Approval of related party transactions:  
 Related party transactions with affiliates involving cash (loans and payments), equity (stocks and bonds) or assets (such as real estate and intangible property rights) with a value between KRW 1 billion and/or less than KRW 5 billion, as defined in the Monopoly Regulation and Fair Trade Act  
 ※ Excluding cases where existing contracts are renewed without significant change.
6. Issuance of Corporate Bond
7. Acquisition and disposal of real estate with a value of over 0.1% of the total equity, provided that the transaction is with the third party
8. Any matters that the CEO deems necessary and important for the business (e.g., CAPEX)

(C) All other matters except for those delegated to the BOD and other committees in accordance with BOD regulations

**ii) Related Party Transactions Committee**

- *Responsibility*: Improve management transparency through establishment of a voluntary compliance system

- *Authority*

- 1) Right to receive reports on related party transactions:  
 The Committee can request reports on related party transactions with affiliates  
 ※ According to the Monopoly Regulation and Fair Trade Act, the Related Party Transactions committee is permitted to conduct preliminary reviews and approves on related party transactions over KRW 5 billion and other transactions that are deemed as significant.
- 2) Right to order ex officio investigation of related party transactions
- 3) Right to propose corrective measures for related party transactions

### iii) Compensation Committee

- *Responsibility*: Provide transparent and objective decision making process related to remuneration of directors
- *Authority*
  - 1) Propose remuneration limit of directors at annual general shareholders' meeting
  - 2) Establish the director remuneration system
  - 3) Other matters delegated by the Board

### iv) CSR Committee

- *Responsibility*: Address social responsibilities of the Company and make contributions to public interest
- *Authority*
  - 1) Make decisions on matters related to social contributions of the Company
  - 2) Establish research groups under the committee, appoint researchers, and devise CSR management plan
  - 3) Other matters delegated by the Board

## (2) The BOD Committee Activities

※ The Audit Committee and Independent Director Recommendation Committee were excluded according to *Corporate Disclosure Guidelines* set forth by the *Financial Supervisory Service Authority* of South Korea.

### □ The Management Committee

Name	Date	Agenda	Voting Results	Attendance/Voting Results of Independent Directors
Management Committee	Jan 20, 2014	① Patent license agreement ② Patent license agreement ③ Establishment of production base in the Republic of South Africa ④ Product donations to Chung-nam Samsung Institute	Approved Approved Approved Approved	N/A (All comprised of executive directors)
	Feb 19, 2014	① Technology license agreement ② Liquidation of a subsidiary	Approved Approved	
	Mar 19, 2014	① Ownership sales of Samsung Bluewings	Approved	
	May 14, 2014	① Increase the limit on trade finance ② Exercise of voting rights for merger with affiliates ③ Donation	Approved Approved Approved	
	Jun 3, 2014	① Patent license agreement ② Closing of shareholder register for interim dividend	Approved Approved	
	Jul 16, 2014	① Stake acquisition ② Stake acquisition ③ LED investment	Approved Rejected Approved	
	Jul 31, 2014	① Stake acquisition ② Patent license agreement	Approved Approved	
	Aug 13, 2014	① Stake acquisition ② Memory investment	Approved Approved	
	Sep 17, 2014	① Bid for real estate purchase ② S.LSI investment ③ Establishment of overseas marketing corporate entity	Approved Approved Approved	

	Oct 15, 2014	① Memory investment ② Exercising voting rights regarding merger	Approved Approved	
	Nov 12, 2014	① Stake acquisition	Approved	
	Nov 26, 2014	① Stake sales ② Establishment of overseas complex ③ Business disposal ④ Memory investment ⑤ Integration of corporate bases	Approved Approved Approved Approved Approved	
	Dec 10, 2014	① Merger with overseas office	Approved	



□ **The Related Party Transactions Committee**

Date	Agenda	Voting Results	Name of independent directors		
			In-Ho Lee (Attendance: 86%)	Han-Joong Kim (Attendance: 100%)	Kwang-Soo Song (Attendance: 100%)
			For/against		
Jan 23, 2014	- Preliminary review on large-scale related party transactions 1) Participation in Samsung BioLogics equity rights offerings  - Report on 4Q13 related party transactions	N/A	-  -	-  -	-  -
Feb 18, 2014	- Preliminary review on large-scale related party transactions 1) Donation to Chung-nam Samsung Institute	N/A	Did not attend	-	-
Apr 28, 2014	- Preliminary review on large-scale related party transactions 1) Renewal of the existing directors' liability insurance policy 2) Donation 3) Application for Venture Capital Union  - Report on 1Q14 related party transactions	N/A	-  -	-  -	-  -
Jun 3, 2014	- Preliminary review on large-scale related party transactions 1) Disposal of Technology assets 2) Equity investments 3) A property Leasing contract with Samsung Display	N/A	-	-	-
Jul 30, 2014	- Preliminary review on large-scale related party transactions 1) Approval of Samsung Asset Management annual trade volume 2) Application for property insurance 3) Donation to Sungkyunkwan University 4) Donation to Samsung Science & Technology Foundation  - Report on 2Q14 related party transactions	N/A	-  -	-  -	-  -
Oct 29, 2014	- Report on 3Q14 related party transactions	N/A	-	-	-
Nov 26, 2014	- Preliminary review on large-scale related party transactions 1) Approval of 2015 large-scale transactions of goods/services 2) Payment of retirement pensions 3) Equity investments 4) Real estate rental from Samsung Life Insurance	N/A	-	-	-

□ **The Compensation Committee**

Date	Agenda	Voting Results	Name of Independent Directors		
			Kwang-Soo Song (Attendance: 100%)	In-Ho Lee (Attendance: 50%)	Byeong-Gi Lee (Attendance: 100%)
			For/Against		
Feb 13, 2014	Appointment of the head of compensation committee	Approved	For	For	For
Feb 18, 2014	Preliminary review on remuneration limit for Directors	Approved	For	Did not attend	For

□ **The CSR Committee**

Date	Agenda	Voting Results	Name of Independent Directors				
			Byeong-Gi Lee (Attendance: 100%)	In-Ho Lee (Attendance: 100%)	Han-Joong Kim (Attendance: 100%)	Kwang-Soo Song (Attendance: 100%)	Eun-Mee Kim (Attendance: 50%)
			For/Against				
Jan 24, 2014	- Report on the results of establishment of research committee for environmental safety	Approved	For	For	For	For	For
May 30, 2014	- Research results and findings from the advancement of corporate ecosystem research council  - Reported Progress of research results for the environmental safety	N/A	-	-	-	-	Did not attend

## D. Director Independence

### (1) Appointment of Directors

Directors are appointed by shareholders at the annual general meeting of shareholders. The Board is responsible for nominating candidates for Executive Directors, and the Independent Director Recommendation Committee nominates independent director candidates, which are presented to shareholders as separate agendas and voted on at the annual general meeting.

The Board submits shareholders' proposal for appointment of Directors at the annual general shareholder meeting as a separate agenda if the proposal satisfies related laws and regulations.

The Board of Directors appointed by shareholders is as follows:

[As of December 31, 2014]

Position	Name	Nominated by	Responsibility	Transactions with the Company	Relation with the controlling shareholder
Executive Director	Oh-Hyun Kwon	BOD	Chairman of BOD Head of DS Division	N/A	N/A
Executive Director	Boo-Keun Yoon	BOD	Head of CE Division		
Executive Director	Jong-Kyun Shin	BOD	Head of IM Division		
Executive Director	Sang-Hoon Lee	BOD	CFO, Head of Corporate Management Office		
Independent Director	In-Ho Lee	Independent Director Recommendation Committee	Overall management of the Company		
Independent Director	Han-Joong Kim	Independent Director Recommendation Committee	Overall management of the Company		
Independent Director	Kwang-Soo Song	Independent Director Recommendation Committee	Overall management of the Company		
Independent Director	Byeong-Gi Lee	Independent Director Recommendation Committee	Overall management of the Company		
Independent Director	Eun-Mee Kim	Independent Director Recommendation Committee	Overall management of the Company		

※ Oh-Hyun Kwon, Boo-Keun Yoon, and Jong-Kyun Shin are appointed as the Represented Directors of the Company in accordance with the Commercial Act of Korea.

## **(2) Independent Director Recommendation Committee**

The Independent Director Recommendation Committee assesses the independence and ability of potential candidates and recommends selected candidates to be appointed at the annual general meeting of shareholders. The committee is composed of three Independent Directors (Han-Joong Kim, Byeong-Gi Lee, and Eun-Mee Kim) and one Executive Director (Oh-Hyun Kwon) based on related laws that states more than a majority of members should be independent directors in accordance with clause 4 of Article 542-8 of the Commercial Law.

## **(3) Professionalism of Independent Directors**

There are designated support group in the Company that supports independent directors to perform their duties professionally in the BOD and the Board committees. The support group provides reference materials on the meeting agendas in advance so Directors can thoroughly review them before the Board and committee meetings. If necessary, the support group provides separate information sessions on any agenda and frequently provides updates on other key management issues. In addition, the support group conducts internal education programs which allow Independent Directors to visit and conduct inspect domestic and overseas business sites and receive reports of the current state of business operation.

## 2. Audit System

### A. Profile of the member of the Audit Committee

As of December 31, 2014, the Company operates an Audit Committee consisting of three (3) Independent Directors.

Name	Career	Note
In-Ho Lee	<ul style="list-style-type: none"><li>– Corporate Advisor, Shinhan Bank (2009-2011)</li><li>– Chief Executive Officer, Shinhan Financial Group (2005-2009)</li><li>– President &amp; CEO, Shinhan Bank (1999-2003)</li></ul>	Independent director
Han-Joong Kim	<ul style="list-style-type: none"><li>– Professor Emeritus, Yonsei University (2012~Present)</li><li>– President, Yonsei University (2008-2012)</li><li>– Professor, Dept. of Preventive Medicine &amp; Public Health (1982-2012)</li></ul>	Independent director
Kwang-Soo Song	<ul style="list-style-type: none"><li>– Advisor, Kim &amp; Chang Law Office (2007-Present)</li><li>– Prosecutor General, Supreme Prosecutors' Office (2003-2005)</li><li>– Chief Prosecutor, Daegu High Prosecutors' Office (2002-2003)</li></ul>	Independent director

### B. Audit Committee Independence

Pursuant to related laws and the Articles of Incorporation, the Company has prepared internal audit regulations which encompass composition, operation, authority, and responsibility of the Audit Committees to carry out audit related activities.

The Audit Committee is exclusively composed of Independent Directors appointed at the annual general shareholder meeting and includes audit and financial experts. Also, the Audit Committee satisfies requirements of relevant laws. (e.g., The stipulation that the role of head of the committee be held by an Independent Director.

The Audit Committee reviews accounting documents including financial statements and audit process related documents presented by the external auditor, and if needed, requests the external auditor to perform additional reviews on accounting books and records. To ensure the reliability of accounting related disclosures, the audit committee receives and reviews a report on internal accounting control systems prepared by internal accounting managers. In addition, the Committee attends the BOD meetings and other significant meetings. The Committee receives reports on deliberations of the Management Committee and on business performance from Directors and requests additional reviews and supplementation of data as needed.

### C. Major Activities of the Audit Committee

See the table below for major activities of the Audit Committee by reporting date.

Name	Date	Agenda	Voting Results	Name of independent directors		
				In-Ho Lee (Attendance: 80%)	Han-Joong Kim (Attendance: 100%)	Kwang-Soo Song (Attendance: 100%)
				For/Against		
Audit Committee	Jan 23, 2014	- 2013 financial and business reports - Report on 2013 internal accounting management system activities - Report on 4Q13 non-audit activities - Report on appointment plan of external auditor - Report on 2013 audit activities	- - - - -	- - - - -	- - - - -	- - - - -
	Feb 18, 2014	- Review and approval of appointment of external auditor - Review of the 2013 AGM agenda - Assessment of 2013 activities of internal compliance system	Approved - -	Did not Attend	For - -	For - -
	Apr 28, 2014	- Report on the 1Q14 financial statements and business report - Report on 1Q14 non-audit activities	- -	- -	- -	- -
	Jul 30, 2014	- Report on the 1H14 financial statements and business report - Report on 2Q14 non-audit activities - Report on 1H14 audit activities	- - -	- - -	- - -	- - -
	Oct 29, 2014	- Report on the 3Q14 financial statements and business report - Report on 3Q14 non-audit activities	- -	- -	- -	- -

### 3. Voting rights of shareholders

#### A. Voting method

The Company has not adopted the concentrated voting system, voting in writing, or electronic voting system.

#### B. Minority Shareholder Right

No minority shareholder right was exercised during the reporting period.

#### C. Competition over management right

No competition over management rights occurred during the reporting period.

## VII. Information on Shareholders

### 1. Ownership of shares by the major shareholder and related parties

The following table presents changes in shares held by the major shareholder and related parties as of the beginning and end of the reporting period.

[As of December 31, 2014]

(Unit: Shares, %)

Name	Relationship	Type of share	Number of Shares owned				Note
			Beginning of period		End of period		
			# shares owned	%	# shares owned	%	
Kun-Hee Lee	Major shareholder	Common	4,985,464	3.38	4,985,464	3.38	-
Kun-Hee Lee	Major shareholder	Preferred	12,398	0.05	12,398	0.05	-
Samsung C&T	Affiliate	Common	5,976,362	4.06	5,976,362	4.06	-
Samsung Welfare Foundation	Affiliate	Common	89,683	0.06	89,683	0.06	-
Samsung Foundation Of Culture	Affiliate	Common	37,615	0.03	37,615	0.03	-
Ra-Hee Hong	Affiliate	Common	1,083,072	0.74	1,083,072	0.74	-
Jae-Yong Lee	Affiliate	Common	840,403	0.57	840,403	0.57	-
Samsung Life Insurance	Affiliate	Common	10,622,814	7.21	10,622,814	7.21	-
Samsung Life Insurance	Affiliate	Preferred	879	0.00	879	0.00	-
Samsung Life Insurance (special accounts)	Affiliate	Common	514,098	0.35	486,926	0.33	Open market sales
Samsung Life Insurance (special accounts)	Affiliate	Preferred	26,379	0.12	52,332	0.23	Open market sales
Samsung Fire & Marine Insurance	Affiliate	Common	1,856,370	1.26	1,856,370	1.26	-
Samsung Fire & Marine Insurance (special accounts)	Affiliate	Common	143	0.00	0	0.00	Open market sales
Samsung Fire & Marine Insurance (special accounts)	Affiliate	Preferred	53	0.00	0	0.00	Open market sales
Cheil Industries	Affiliate	Common	9,679	0.01	0	0.00	Open market sales
Oh-Hyun Kwon	Affiliate	Common	3,000	0.00	3,000	0.00	-
Sang-Hoon Lee	Affiliate	Common	1,473	0.00	1,473	0.00	-
Total		Common	26,020,176	17.66	25,983,182	17.64	-
		Preferred	39,709	0.17	65,609	0.29	-

※ In the beginning of the period(year-end 2013), Samsung Securities held 10 voting shares to broker loan transactions and ETF transactions. But as of the end of the reporting period, it no longer owns any share.

- ※ As of April 24, 2014, Cheil Industries sold 9,679 shares in the market.
- ※ Note: According to the closed shareholder register, as at December 31, 2014, Yong-Jin Jeong, CEO of Shinsegye, holds 245,000 shares.
- ※ The definition of major shareholder is as defined in the Monopoly Regulation and Fair Trade Act

[The major shareholder]

- Name of the major shareholder: Kun-Hee Lee
- Career (recent 5 years): Chairman of Samsung Electronics (2010.3 ~)  
 Chairman/CEO of Samsung Electronics (1998.4 ~ 2008.4)  
 Vice Chairman of the Federation of Korean Industries (1987 ~)  
 Member of the International Olympic Committee (1996 ~)

- There are no changes of the major shareholder recorded during the reporting period.

## 2. Ownership of shares

As at December 31, 2014, the date of Suspension of Entry in the Register of Shareholders, shareholders with over 5% voting shares, excluding the major shareholder, are as follows:

[As of December 31, 2014]

(Unit: Shares)

Classification	Name	Number of shares owned	Share ratio	Note
Shareholders with over 5% voting shares	National Pension Service	11,164,905	7.58	-
	Samsung Life Insurance	11,109,740	7.54	-
	Employee Stock Ownership Association	-	-	-

※ The number of shares owned and share ratio of Samsung Life Insurance includes special accounts.

## 3. Minority Shareholders

[As of December 31, 2014]

(Unit: Person, Shares, %)

Classification	Shareholder		Shares owned		Note
	# of shareholders	Portion	# of shares	Portion	
Minority shareholder	115,030	99.94	84,010,794	57.03	Shareholders with shares less than 1/100 of total issued stocks
Total	115,097	100.00	147,299,337	100.00	

※ On common stock (with voting right) basis.



## 4. Stock Affairs

<p>Preemptive Rights in the Articles of Incorporation</p>	<p>1. New shares to be issued by the Company shall be allocated to the shareholders in proportion to their respective shareholdings in accordance with Paragraph 6, Article 8. If shareholders wave or lose their preemptive right to new shares issues or if there are fractional shares at the time of allocation of new shares, such shares may be handled by a resolution of the Board of Directors.</p> <p>2. Notwithstanding the above Paragraph 1, new shares may be allocated to persons other than shareholders in the following cases:</p> <ul style="list-style-type: none"> <li>a. If the Company issues new shares or causes underwriters to underwrite new shares by a resolution of the Board of Directors in accordance with the applicable laws and regulations including the Securities and Exchange Act ("SEA");</li> <li>b. If the Company allocates new shares preferentially to members of the Employee Stock Ownership Association by a resolution of the Board of Directors in accordance with the applicable laws and regulations including SEA;</li> <li>c. If the Company issues new shares for the issuance of depositary receipts (DR) by a resolution of the Board of Directors in accordance with the applicable laws and regulations including SEA;</li> <li>d. If the Company issues new shares by public offering in accordance with Article 11-3;</li> <li>e. If new shares are issued by the exercise of stock options in accordance with Article 11-4;</li> <li>f. If the Company issues new shares to the extent of 30% of the total issued and outstanding shares, to domestic or foreign financial institutions to obtain financing urgently, or to partner companies to induce technology therefrom, etc., by a resolution of the Board of Directors; provided that the issue price of the new shares shall not be less than the price prescribed by Article 84-5 of the Enforcement Decree of SEA.</li> </ul> <p>☞(Note) Paragraph 6, Article 8</p> <p>In the case of rights issues, bonus issues or stock dividends, common shareholders shall be entitled to common shares, and preferred shareholders shall be entitled to preferred shares, in proportion to their respective shareholdings; provided that in the case of rights issue and stock dividend the Company may, if necessary, issue only one kind of shares, where all the shareholders, regardless of the class of their shares, shall be entitled to the kind of shares to be issued.</p> <p>☞ (Note) Article 11-3 (Public Offering)</p> <p>1. The Company may issue new shares by public offering to the extent that the new shares do not exceed 30% of the total number of issued and outstanding shares by a resolution of the Board of Directors, pursuant to Article 189-3 of the SEA.</p> <p>2. If the Company issues new shares by public offering, the type, number and issue price of the new shares shall be determined by a resolution of the Board of Directors; provided that the issue price of such new shares shall not be less than the price prescribed by Article 84-5 of the Enforcement Decree of the SEA.</p>
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<p>Preemptive Rights in the Articles of Incorporation</p>	<p>(Note) Article 11-4 (Stock Options)</p> <p>1. The Company may grant stock options to its officers and employees (in this Article, "officers and employees" include officers and employees of the related companies as set forth in Article 189-4, Paragraph 1 of the SEA) by a special resolution of the general meeting of shareholders pursuant to Article 189-4 of the SEA, to the extent permitted by the SEA; provided, however, that the Company may grant the stock options to its officers and employees (except for the directors of the Company) by a resolution of the Board of Directors to the extent determined by the relevant laws and regulations.&lt;Amended, Feb.28, 2002&gt;</p> <p>2. The persons to whom stock options may be granted are the officers and employees who have contributed or have the capacity to contribute to the establishment, management, overseas business, technical innovation, etc. of the Company; provided, however, that the officers and employees who are not entitled to stock options under the relevant laws and regulations shall be excluded.&lt;Amended, Feb.28, 2002&gt;</p> <p>3. The shares to be issued to the officers or employees by the exercise of their stock options (in case the Company pays, either in cash or treasury shares, the difference between the exercise price of stock options and the market price, they refer to the shares which are the basis for such calculation) shall be common shares in registered form or preferred shares in registered form.</p> <p>4. Total number of shares to be delivered in accordance with the exercise of stock options shall be up to the extent permitted by the relevant laws and regulations.</p> <p>5. The stock options may be exercised until an expiry date determined by a resolution of the general meeting of shareholders or the Board of Directors and the expiry date shall be in no more than eight (8) years from when two (2) years have elapsed from the date of the general meeting of shareholders or the Board of Directors' meeting at which a resolution to grant such stock options was; provided, however, that the person to whom a stock option is granted should serve the Company for at least two (2) years after the date of such resolution in order to exercise such stock option, unless otherwise set forth by relevant laws and regulations.&lt;Amended, Feb.28, 2002&gt;</p> <p>6. The terms and conditions of stock options, such as the contents and exercise price thereof shall be determined by a special resolution of the general meeting of shareholders or by a resolution of the Board of Directors in accordance with the relevant laws and regulations and the Articles of Incorporation; provided, however, that such matters which are not provided for as matters reserved for resolutions of the general meeting of shareholders or the Board of Directors' meeting under the relevant laws and regulations or the Articles of Incorporation may be determined by the Board of Directors or a committee authorized by the Board of Directors.&lt;Amended, Feb.28, 2002&gt;</p> <p>7. The Company may cancel the grant of stock options by a resolution of the Board of Directors in any of the following cases: &lt;Amended, Feb.28, 2002&gt;</p> <p>a. In case the option grantees voluntarily retire from their office or leave the Company after the grant of stock options;</p> <p>b. In case the option grantees cause substantial damage to the Company due to their willful misconduct or negligence;</p> <p>c. In case any of the causes for cancellation set forth in the stock option agreement occur</p>		
<p>Settlement date</p>	<p>December 31</p>	<p>Annual General Meetings of Shareholders</p>	<p>Within 3 months after the end of every business year</p>
<p>Shareholder register closing period</p>		<p>One month from January 1</p>	
<p>Stock type</p>	<p>1,5,10,50,100,500,1000,10000(8 types)</p>		
<p>Transfer agent</p>	<p>Korea Securities Depository(T: +82-2-3774-3000): 23, Yeouinaru-ro 4-gil, Yeongdeungpo-gu, Seoul, Korea</p>		
<p>Shareholder benefit</p>	<p>n/a</p>	<p>Published on</p>	<p>Joongang Daily</p>

## 5. Stock Price and Stock Transactions

### A. Domestic stock market

(Unit: KRW, Shares)

Type		July '14	August	September	October	November	December	
Common stock	Stock price	Highest	1,395,000	1,317,000	1,226,000	1,244,000	1,287,000	1,352,000
		Lowest	1,284,000	1,222,000	1,150,000	1,083,000	1,190,000	1,266,000
		Average	1,329,565	1,261,450	1,193,895	1,126,143	1,221,250	1,310,143
	Volume	Highest (day)	487,027	564,621	466,184	772,463	887,556	409,817
		Lowest (day)	119,577	168,153	113,281	124,877	120,604	112,756
		Monthly	4,749	5,113	4,991	6,138	5,275	5,122
Preferred stock	Stock price	Highest	1,128,000	1,044,000	1,008,000	985,000	1,049,000	1,046,000
		Lowest	1,040,000	956,000	875,000	822,000	919,000	959,000
		Average	1,075,522	1,001,050	946,842	874,476	960,850	1,018,143
	Volume	Highest (day)	88,913	96,322	96,922	89,068	93,546	67,540
		Lowest (day)	7,019	21,972	11,188	15,137	19,263	12,605
		Monthly	780	931	775	1,017	679	730

※ Monthly trading volume in 1,000 shares

## B. Overseas stock market

### Name of stock exchange: London Stock Exchange (common stock)

(Unit: \$, KRW, DR)

Type		July '14	August	September	October	November	December	
Common stock	Stock price	Highest	674.00	636.50	607.00	575.00	579.50	611.00
		(Converted to KRW)	690,648	657,950	616,044	606,050	633,104	672,894
		Lowest	630.50	600.00	553.00	515.50	541.00	577.00
		(Converted to KRW)	641,849	612,360	576,281	552,771	601,700	627,834
		Average	649.17	614.65	577.55	530.98	557.18	591.71
	Volume	Highest (day)	78,983	117,894	134,943	161,340	111,237	128,518
		Lowest (day)	14,277	2,122	16,902	20,239	29,845	4,706
		Monthly	881	1,014	1,404	1,650	1,041	1,400

※ Monthly volume in 1,000 Depository Receipt (DR) shares.

※ Stock price converted to KRW is based on KRW/USD exchange rate of closing price of trading day.

Ratio: Common one (1) share equals DR two (2) shares

### Name of stock exchange: Luxembourg Stock Exchange (Preferred stock)

(Unit: USD, KRW, 1,000 Shares)

Type		July '14	August	September	October	November	December	
Preferred stock	Stock price	Highest	548.50	501.00	497.50	457.20	468.00	472.00
		(Converted to KRW)	562,048	517,884	504,913	481,889	515,315	519,814
		Lowest	511.50	475.20	424.50	378.70	417.00	437.30
		(Converted to KRW)	517,740	484,989	442,371	406,080	457,658	475,826
		Average	525.54	487.95	459.41	409.54	436.82	459.32
	Volume	Highest (day)	33,490	104,610	14,596	47,310	42,035	33,245
		Lowest (day)	529	490	279	2,043	2,188	245
		Monthly	134	561	104	259	258	229

※ Monthly volume in 1,000 DR shares.

※ Stock price converted to KRW is based on KRW/USD exchange rate of closing price of trading day.

Ratio: Common one (1) share equals DR two (2) shares

## VIII. Executives and Employees

### 1. Executives and Employees

#### A. Registered Executives

[As of December 31, 2014]

(Unit: # of shares)

Name	Gender	Date of birth	Position	Registered executive	Full/part-time	Responsibility	Major career	Number of shares owned		Length of Service	Term expiration
								Common	Preferred		
Oh-Hyun Kwon	M	1952.10	CEO	Registered executive	Full time	Chairman of BOD Head of DS Division	Head of DS Division	3,000	0	34 mo.	2015.03.15
Boo-Keun Yoon	M	1953.02	CEO	Registered executive	Full time	Head of CE Division	Head of CE Division	0	0	22 mo.	2016.03.14
Jong-Kyun Shin	M	1956.01	CEO	Registered executive	Full time	Head of IM Division	Head of IM Division	0	0	22 mo.	2016.03.14
Sang-Hoon Lee	M	1955.06	CFO	Registered executive	Full time	CFO, Head of Corporate Management Office	Head of Corporate Management Office	1,473	0	22 mo.	2016.03.14
In-Ho Lee	M	1943.11	Independent Director	Registered executive	Part time	Overall management of the Company	President & CEO of Shinhan Bank	0	0	58 mo.	2016.03.14
Han-Joong Kim	M	1948.11	Independent Director	Registered executive	Part time	Overall management of the Company	President of Yonsei University	0	0	34 mo.	2015.03.15
Kwang-Soo Song	M	1950.01	Independent Director	Registered executive	Part time	Overall management of the Company	Advisor at Kim & Chang Law Office	0	0	22 mo.	2016.03.14
Byeong-Gi Lee	M	1951.05	Independent Director	Registered executive	Part time	Overall management of the Company	Professor of Electrical Engineering at Seoul National University	0	0	34mo.	2015.03.15
Eun-Mee Kim	F	1958.09	Independent Director	Registered executive	Part time	Overall management of the Company	Dean of Graduate School of International Studies at Ewha Womans University	0	0	22 mo.	2016.03.14

※ At the AGM held on March 13, 2015, executive director Oh-Hyun Kwon and independent directors Han-Joong Kim and Byeong-Gi Lee were reappointed.

## B. Concurrent position with other companies

Concurrent office holder		Company	
Name	Position	Name of company	Position
Kwang-Soo Song	Independent director	Doosan Corp.	Independent director

## C. Employees

[As of December 31, 2014]

(Unit: KRW million)

Division	Gender	No. of employees				Average length of service (years)	Total Compensation	Average Compensation per employee
		Regular	Contract-based	Others	Total			
CE	M	17,242	526	-	17,768	11.0	-	-
CE	F	3,346	397	-	3,743	6.3	-	-
IM	M	19,098	386	-	19,484	9.7	-	-
IM	F	7,660	245	-	7,905	7.1	-	-
DS	M	29,238	273	-	29,511	9.7	-	-
DS	F	13,011	347	-	13,358	8.8	-	-
Others	M	5,561	314	-	5,875	12.8	-	-
Others	F	1,354	384	-	1,738	7.1	-	-
Gender Total	M	71,139	1,499	-	72,638	10.3	8,084,727	112
Gender Total	F	25,371	1,373	-	26,744	7.8	1,957,242	74
Total		96,510	2,872	-	99,382	9.6	10,041,969	102

- ※ Total compensation and average compensation per employee were calculated before income tax and other deductions based on the earned income payment record submitted to the district tax office in accordance with Article 20 of the Income Tax Law.
- ※ The number of employees represent domestic employees resident in Korea, excluding four executive directors.
- ※ Average compensation per employee was calculated based on total average employee figure of 98,594 (male: 72,188; female: 26,406)

## 2. Remuneration for Directors

### A. Summary on Total Remuneration

#### (1) Remuneration approved at the annual general meetings of shareholders

(Unit: KRW million)

	Number of Persons	Amount Approved at Shareholders' Meeting	Note
Executive Directors	4	-	-
Independent Directors	2	-	-
Audit Committee member or Auditor	3	-	-
Total	9	48,000	-

※ Number of persons as of the Reporting Date.

※ The amount approved at shareholders' meeting is the remuneration limit for directors registered pursuant to Article 388 of the Korean Commercial Act ("**Registered Directors**"). It includes compensation for Registered Directors who retired this fiscal year and in past years.

#### (2) Remuneration Paid

(Unit: KRW million)

	Number of Persons	Total amount of remuneration	Average remuneration per Director	Note
Executive Directors	4	33,320	8,330	-
Independent Directors	2	168	84	-
Audit Committee member or Auditor	3	270	90	-
Total	9	33,758	-	-

※ Number of persons is as of the reporting date.

※ The total amount is the income based on the Income Tax Law that incumbent or retired executive directors, independent directors, and members of audit committee in the fiscal year received as a Registered Director in accordance with Article 159 of the Financial Investment Services and Capital Markets Act and Article 168 of the enforcement decree of the same law.

※ Average remuneration per Director was calculated by dividing total remuneration by annual average number of persons.

※ There is no recognized expenses (compensation expenses) in this term from granting stock options.

## B. Summary on Remuneration by Executive

(Unit: KRW million)

Name	position	Total amount of remuneration	Remuneration not included in total amount
Oh-Hyun Kwon	CEO	9,388	-
Boo-Keun Yoon	CEO	5,496	-
Jong-Kyun Shin	CEO	14,572	-
Sang-Hoon Lee	CFO	3,864	-

※ Total amount of compensation for each individual is the sum of earned, retirement, and other related income based on the Income Tax Law that incumbent or retired executive directors, independent directors, and members of audit committee in the fiscal year received as a Registered Director in accordance with Article 159 of the Financial Investment Services and Capital Markets Act and Article 168 of the enforcement decree of the same law.

### (2) Criteria and methodology

	Criteria and methodology
CEO Oh-Hyun Kwon	<ul style="list-style-type: none"> <li>• Total compensation of KRW 9,388 million               <ul style="list-style-type: none"> <li>— Earned Income                   <ul style="list-style-type: none"> <li>• Salary: KRW 2,083 million (consists of monthly wage)</li> <li>• Bonus: KRW 6,550 million (consists of traditional holiday bonus, Target Achievement Incentive, Performance Incentive, Long-term Incentive)</li> <li>• Profit from exercising stock option : n/a</li> <li>• Other earned income: KRW 755 million</li> </ul> </li> <li>— Retirement Income: n/a</li> <li>— Other Income: n/a</li> </ul> </li> <li>• Compensation criteria and calculation method               <ul style="list-style-type: none"> <li>— Salary: According to internal regulation for executive treatment (Board resolution)</li> <li>— Bonus: According to internal regulation for executive treatment (Board resolution)                   <ul style="list-style-type: none"> <li>• Traditional holiday bonus: 100% of monthly wage</li> <li>• Target Achievement Incentive: Paid biannual basis within the range of 0~200% of monthly wage                       <ul style="list-style-type: none"> <li>* CEO decides the amount according to the level of target achieved</li> </ul> </li> <li>• Performance Incentive: When performance exceeds the Company's goal, CEO decides the amount based on 20% of profit. Paid once a year within 0~50% of salary. (Adjusted according to individual performance)</li> <li>• Long-term incentive: Calculated within the director remuneration limit, based on the average salary of 3 years, using ROE, stock performance, and EBIT margin as criteria. Paid over the course of 3 years.</li> </ul> </li> </ul> <p>Bonus awarded based on his contributions and consideration for his performance as he led the employees and the company in a challenging business environment; he contributed to Samsung Electronics by achieving KRW 206 trillion of revenue and KRW 25 trillion of operating profit and maintaining the Company's position as the No.1 IT Company as well as the best earnings and technological leadership in the semiconductor industry.</p> <ul style="list-style-type: none"> <li>— Other earned income: According to internal regulation for executive treatment (Board resolution)                   <ul style="list-style-type: none"> <li>• Consists of a special bonus (one-off) and fringe benefits</li> </ul> </li> </ul> </li> </ul>



<p style="text-align: center;">CEO Boo-Keun Yoon</p>	<ul style="list-style-type: none"> <li>• Total compensation of KRW 5,496 million <ul style="list-style-type: none"> <li>— Earned Income <ul style="list-style-type: none"> <li>• Salary: KRW 1,728 million (consists of monthly wage)</li> <li>• Bonus: KRW 3,114 million (consists of traditional holiday bonus, Target Achievement Incentive, Performance Incentive, Long-term Incentive)</li> <li>• Profit from exercising stock option : n/a</li> <li>• Other earned income: KRW 653 million</li> </ul> </li> <li>— Retirement Income: n/a</li> <li>— Other Income: n/a</li> </ul> </li> <li>• Compensation criteria and calculation method <ul style="list-style-type: none"> <li>— Salary: According to internal regulation for executive treatment (Board resolution)</li> <li>— Bonus: According to internal regulation for executive treatment (Board resolution) <ul style="list-style-type: none"> <li>• Traditional holiday bonus: 100% of monthly wage</li> <li>• Target Achievement Incentive: Paid biannual basis within the range of 0~200% of monthly wage * CEO decides the amount according to the level of target achieved</li> </ul> </li> <li>• Performance Incentive: When performance exceeds the Company's goal, CEO decides the amount based on 20% of profit. Paid once a year within 0~50% of salary. (Adjusted according to individual performance)</li> <li>• Long-term incentive: Calculated within the director remuneration limit, based on the average salary of 3 years, using ROE, stock performance, and EBIT margin as criteria. Paid over the course of 3 years.</li> </ul> <p>Bonus awarded based on his contributions and consideration for his performance as he led the employees and the Company in a challenging business environment; he contributed to Samsung Electronics by achieving KRW 206 trillion of revenue and KRW 25 trillion of operating profit and by improving products of the CE Division as well as maintaining the Company's global leadership of TV products.</p> </li> <li>— Other earned income: According to internal regulation for executive treatment (Board resolution) <ul style="list-style-type: none"> <li>• Consists of a special bonus (one-off) and fringe benefits</li> </ul> </li> </ul>
<p style="text-align: center;">CEO Jong-Kyun Shin</p>	<ul style="list-style-type: none"> <li>• Total compensation of KRW 14,572 million <ul style="list-style-type: none"> <li>— Earned Income <ul style="list-style-type: none"> <li>• Salary: KRW 1,728 million (consists of monthly wage)</li> <li>• Bonus: KRW 3,732 million (consists of traditional holiday bonus, Target Achievement Incentive, Performance Incentive, Long-term Incentive)</li> <li>• Profit from exercising stock option : n/a</li> <li>• Other earned income: KRW 9,113 million</li> </ul> </li> <li>— Retirement Income: n/a</li> <li>— Other Income: n/a</li> </ul> </li> <li>• Compensation criteria and calculation method <ul style="list-style-type: none"> <li>— Salary: According to internal regulation for executive treatment (Board resolution)</li> <li>— Bonus: According to internal regulation for executive treatment (Board resolution) <ul style="list-style-type: none"> <li>• Traditional holiday bonus: 100% of monthly wage</li> <li>• Target Achievement Incentive: Paid biannual basis within the range of 0~200% of monthly wage * CEO decides the amount according to the level of target achieved</li> </ul> </li> <li>• Performance Incentive: When performance exceeds the Company's goal, CEO decides the amount based on 20% of profit. Paid once a year within 0~50% of salary. (Adjusted according to individual performance)</li> <li>• Long-term incentive: Calculated within the director remuneration limit, based on the average salary of 3 years, using ROE, stock performance, and EBIT margin as criteria. Paid over the course of 3 years.</li> </ul> <p>Bonus awarded based on his contributions and consideration for his performance as he led the employees and the Company in a challenging business environment; he contributed to Samsung Electronics by achieving KRW 206 trillion of revenue and KRW 25 trillion of operating profit and by maintaining the Company's lead in smartphones as well as by developing innovative products.</p> </li> <li>— Other earned income: According to internal regulation for executive treatment (Board resolution) <ul style="list-style-type: none"> <li>• Consists of a special bonus (one-off) and fringe benefits</li> </ul> </li> </ul>

CFO  
Sang-Hoon Lee

- Total compensation of KRW 3,864 million
  - Earned Income
    - Salary: KRW 1,123 million (consists of monthly wage)
    - Bonus: KRW 2,297 million (consists of traditional holiday bonus, Target Achievement Incentive, Performance Incentive, Long-term Incentive)
    - Profit from exercising stock option : n/a
    - Other earned income: KRW 444 million
  - Retirement Income: n/a
  - Other Income: n/a
- Compensation criteria and calculation method
  - Salary: According to internal regulation for executive treatment (Board resolution)
  - Bonus: According to internal regulation for executive treatment (Board resolution)
    - Traditional holiday bonus: 100% of monthly wage
    - Target Achievement Incentive: Paid biannual basis within the range of 0~200% of monthly wage
      - \* CEO decides the amount according to the level of target achieved
    - Performance Incentive: When performance exceeds the Company's goal, CEO decides the amount based on 20% of profit. Paid once a year within 0~50% of salary. (Adjusted according to individual performance)
    - Long-term incentive: Calculated within the director remuneration limit, based on the average salary of 3 years, using ROE, stock performance, and EBIT margin as criteria. Paid over the course of 3 years.

Bonus awarded based on his contributions and consideration for his performance as he led the employees and the Company in a challenging business environment; he contributed to Samsung Electronics by achieving KRW 206 trillion of revenue and KRW 25 trillion of operating profit and pursued efficient management of resources, corporate, and human resources as the head of the Corporate Management Office.

  - Other earned income: According to internal regulation for executive treatment (Board resolution)
    - Consists of a special bonus (one-off) and fringe benefits

## B. Stock Options Granted and Exercised

### (1) Status of Stock Options Granted to Registered Directors

There have been no stock options granted to, or exercised by, the executive BOD or Audit Committee members during the reporting period.

### (2) Status of Stock Options Granted to Non-Registered Executives

As of December 31, 2014, the accumulated weighted average exercise price of unexercised stock options is KRW 606,700. [Weighted average exercise price = Sum of (no. of unexercised stocks per period x exercise price per period) / total no. of unexercised stocks]

[As of December 31, 2014]

(Unit: KRW, shares)

Grantee	Relationship	Date	Method	Type of stock	Changes			Unexercised	Exercise period	Exercise price
					Grant	Exercise	Cancel			
Kyung-Hoon Kang	Unregistered executive	Apr 16, 2004	Treasury share	Common	4,000	3,924	76	0	'06.4.17~ '14.4.16	580,300
Myung-Soo Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Seok-ki Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Seok-Pil Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Haeng-Il Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Hyuk-Cheol Kim	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Byung-Dae Park	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Seung-Kun Park	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Sang-Jo Ban	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Jae-Hyun Seong	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Hak-Kyung Sung	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Byung-Se So	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Seong-Won Song	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Soon-Seon Sim	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Young-Hoon Um	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Wong-Tong	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Moon-Kyun Woo	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Ki-Ok Lee	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Ki-Woong Lee	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300

Grantee	Relationship	Date	Method	Type of stock	Changes			Unexercised	Exercise period	Exercise price
					Grant	Exercise	Cancel			
Sang-Cheol Lee	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Jae-Hyung Lee	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Chung-Ki Jang	Unregistered executive	Apr 16, 2004	Treasury share	Common	30,000	29,426	574	0	'06.4.17~ '14.4.16	580,300
Joon-Young Jeon	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Keum-Yong Jeong	Unregistered executive	Apr 16, 2004	Treasury share	Common	4,000	3,924	76	0	'06.4.17~ '14.4.16	580,300
Woo-In Jeong	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Eun-Seung Jeong	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Seung-Hwan Cho	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
In-Soo Cho	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Jae-Moon Cho	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Seung-Cheol Choi	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Young-Jun Choi	Unregistered executive	Apr 16, 2004	Treasury share	Common	4,000	3,924	76	0	'06.4.17~ '14.4.16	580,300
In-Kwon Choi	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Jeong-Hyuk Choi	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Myung-Seob Han	Unregistered executive	Apr 16, 2004	Treasury share	Common	5,000	4,905	95	0	'06.4.17~ '14.4.16	580,300
Deuk-Kyu Hwang	Unregistered executive	Apr 16, 2004	Treasury share	Common	3,500	3,434	66	0	'06.4.17~ '14.4.16	580,300
Kyung-Do Kim and other 83	-	Apr 16, 2004	Treasury share	Common	409,500	359,867	49,633	0	'06.4.17~ '14.4.16	580,300
Sub-total	-	-	-	-	590,000	536,939	53,061	0	-	-
Young-Soo Kwak and other 1	-	Dec 20, 2005	Treasury share	Common	10,000	5,000	0	5,000	'07.12.21~ '15.12.20	606,700
Total	-	-	-	-	600,000	541,939	53,061	5,000	-	-

※ The change in number of shares granted reflects the cancellation of share grants according to Company's internal revocation policy and decline of earnings in 2004.

※ As of December 31, 2014, the closing price was KRW 1,327,000. 'Relationship' is as of the reporting date (December 31, 2014).

## IX. Affiliates and Subsidiaries

### 1. Affiliates & Subsidiaries

#### A. Affiliates

- Name of affiliated group: Samsung Group (as defined under Korea's Monopoly Regulation and Fair Trade Act)

As at December 31, 2014, Samsung Group had a total of sixty-nine (69) domestic affiliates, where five (5) new affiliates (Samsung Welstory, Seoul Lakeside CC, Samsung Card Customer Service, Shilla Stay, and Samoo Architects & Engineers) were included and eleven (11) affiliates (Samsung Corning Precision Materials, Samsung SNS, Global Tech, 365Homecare, Samsung Petrochemical, Cheil Industries, World Cyber Games, SMP, SKKU dormitory, Care Camp, Gacchinet) were excluded. Among the Samsung Group's sixty nine (69) domestic affiliates, eighteen (18) affiliates including Samsung Electronics are listed, and fifty-one (51) affiliates are unlisted.

[As of December 31, 2014]

	No. of affiliates	Name of affiliates
Listed	18	Samsung C&T, Samsung Electronics, Samsung SDI, Samsung Techwin, SEMCO, Samsung Heavy Industries, Samsung Card, Samsung Life Insurance, Hotel Shilla, Samsung Fire & Marine Insurance, Samsung Securities, Samsung Fine Chemicals, Samsung Engineering, S1, Cheil Worldwide, Cheil Industries, Samsung SDS, CREDU
Unlisted	51	Samsung General Chemicals, Samsung Total Petrochemicals, Samsung Lions, SERI, STECO, Samsung Thales, SEMES, Samsung Electronics Sales, Samsung Electronics Service, Samsung Electronics Logitech, Hantok Chemicals, CVnet Corporation, Allat., SECUI, Open Tide Korea, Samsung Futures, Samsung Venture Investment Corporation, Samsung Asset Management, Saengbo, SD Flex, Samsung Claim Adjustment Service, Samsung Fire & Marine Insurance Service, Suwon Samsung Bluewings FC, S-Core, Human TSS, RAY, Songdo Land Mark City, S-1CRM, OpenHands, S-EnPol, Samsung Medison, Samsung Biologics, STM, Nuri Solution, Colombo Korea, Samsung Life Service, Miracom, SU Materials, Natural9, Samsung Display, Samsung Bioepis, Samsung Corning Advanced Glass, Daejung Offshore Wind Power Co., Ltd., Samsung SRA Asset Management, Samsung Welstory, Jeongahm Wind Power, Samsung SGL Carbon Composite Materials, Samsung Card Customer Service, Seoul Lakeside CC, Shilla Stay, Samoo Architects & Engineers
Total	69	

※ The former Cheil Industries merged with Samsung SDI in July 2014, and Samsung Everland has been renamed as Cheil Industries.

## B. Ownership Status of Affiliates and Subsidiaries

### 1) Domestic

Investor	Investee	Samsung C&T Corp	Samsung Electronics	Samsung SDI	Samsung Electro-Mechanics	Samsung Heavy Industries	Samsung Techwin	Hotel Shilla	Samsung Engineering	Cheil Worldwide	Samsung Fine Chemicals	S1 Corporation	Samsung SDS	Cheil Industries
Samsung C&T Corporation			4.1				4.3		7.8	12.6	5.6		17.1	1.4
Samsung Electronics				19.6	23.7	17.6	25.5	5.1		12.6	8.4		22.6	
Samsung SDI		7.4				0.4	0.1	0.1	13.1		14.7	11.0		3.7
Samsung Electro-mechanics						2.4					0.3			3.7
Cheil Industries						0.1								
Samsung Heavy Industries														
Samsung Techwin						0.1								
Cheil Worldwide						0.1								
Samsung Fine Chemicals														
Samsung General Chemicals														
Hotel Shilla											2.2			
S1 Corporation														
SERI														
Samsung SDS														
Samsung Life Insurance		0.5	7.5	0.1	0.1	3.4	0.6	7.9	0.0	0.1	0.0	5.6		
Samsung Fire & Marine Insurance		4.8	1.3						1.1			1.0		
Samsung Securities.							2.0	3.1				1.3		
Samsung Card								1.3		3.0		1.9		
SDC														
Samsung BioLogics														
SVIC #6														
Total		12.7	12.9	19.7	23.8	24.2	32.4	17.5	22.0	28.4	31.2	20.8	39.7	8.8

※ (% of Ownership; As of December 31, 2014; Based on Common shares)

Investor	Investee	Samsung General Chemicals	Samsung Total Petrochemicals	Hantok Chemicals	Samsung Lions	SERI	STECO	SEMES	Samsung Electronics Service	Samsung Electronics Sales	Suwon Samsung Bluewings FC	Samsung Electronics Logitech	Samsung Display	Ray
	Samsung C&T Corporation	37.3			7.5	1.0								
	Samsung Electronics	5.3			27.5	29.8	51.0	91.5	99.3	100.0		100.0	84.8	
	Samsung SDI	13.1			15.0	29.6							15.2	
	Samsung Electro-mechanics	9.0			12.5	23.8								
	Cheil Industries				2.0									
	Samsung Heavy Industries					1.0								
	Samsung Techwin	22.7												
	Cheil Worldwide	0.3			3.0						100.0			
	Samsung Fine Chemicals	3.1		50.0										
	Samsung General Chemicals		50.0											
	Hotel Shilla .													
	S1 Corporation													
	SERI													
	Samsung SDS													
	Samsung Life Insurance					14.8								
	Samsung Fire & Marine Insurance.													
	Samsung Securities													
	Samsung Card													
	SDC													
	Samsung BioLogics													
	SVIC #6													64.6
	Total	90.8	50.0	50.0	67.5	100.0	51.0	91.5	99.3	100.0	100.0	100.0	100.0	64.6

※ (% of Ownership; As of December 31, 2014; Based on Common shares)

Investor	Investee	Samsung Medison	Samsung BioLogics	Samsung BioEpis	Samsung Corning Advanced Glass	SU Materials	Samsung Thales	CVnet	Songdo Landmark City	Seoul Lakeside CC	Samwoo Architects & Engineers	SD Flex	Colombo Korea	Natural9
Samsung C&T Corporation			5.7					40.1	41.4	80.0	100.0			
Samsung Electronics		68.5	45.7											
Samsung SDI												50.0		
Samsung Electro-mechanics														
Cheil Industries			45.7							20.0			100.0	51.0
Samsung Heavy Industries														
Samsung Techwin							50.0							
Cheil Worldwide														
Samsung Fine Chemicals														
Samsung General Chemicals														
Hotel Shilla														
S1 Corporation														
SERI														
Samsung SDS								9.4						
Samsung Life Insurance														
Samsung Fire & Marine Insurance.														
Samsung Securities														
Samsung Card														
SDC					50.0	50.0								
Samsung BioLogics				90.3										
SVIC #6														
Total		68.5	97.1	90.3	50.0	50.0	50.0	49.5	41.4	100.0	100.0	50.0	100.0	51.0

※ (% of Ownership; As of December 31, 2014; Based on Common shares)



Investor	Investee	Samsung Welstory	Daejung Offshore Wind Power	Jeongahm Wind Power	SECUI	Human TSS	S-1CRM	S-EnPol	STM	CREDU	Open Tide Korea	S-Core	OpenHands
	Samsung C&T Corporation												
	Samsung Electronics												
	Samsung SDI								13.8				
	Samsung Electro-mechanics												
	Cheil Industries	100.0			8.7								
	Samsung Heavy Industries		50.1	50.0									
	Samsung Techwin												
	Cheil Worldwide										9.8		
	Samsung Fine Chemicals							100.0	58.0				
	Samsung General Chemicals												
	Hotel Shilla												
	S1 Corporation				52.2	100.0	93.4				1.1		
	SERI									15.2			
	Samsung SDS				4.3					47.2	70.2	94.8	100.0
	Samsung Life Insurance									0.0			
	Samsung Fire & Marine Insurance.												
	Samsung Securities												
	Samsung Card												
	SDC												
	Samsung BioLogics												
	SVIC #6												
	Total	100.0	50.1	50.0	65.2	100.0	93.4	100.0	71.8	62.4	81.1	94.8	100.0

※ (% of Ownership; As of December 31, 2014; Based on Common shares)

Investor	Investee	Miracom	Nuri Solution	Samsung SGL Carbon Composite Materials	Shilla Stay	Samsung Life Insurance	Saengbo	Samsung Life Service	Samsung SRA Asset Management	Samsung Fire & Marine Insurance	Samsung Claim Adjustment Service	Samsung Fire & Marine Insurance Service
	Samsung C&T Corporation											
	Samsung Electronics											
	Samsung SDI											
	Samsung Electro-mechanics											
	Cheil Industries					19.3						
	Samsung Heavy Industries											
	Samsung Techwin											
	Cheil Worldwide											
	Samsung Fine Chemicals											
	Samsung General Chemicals			50.0								
	Hotel Shilla				100.0							
	S1 Corporation											
	SERI											
	Samsung SDS	100.0	100.0									
	Samsung Life Insurance						50.0	99.8	100.0	15.0		
	Samsung Fire & Marine Insurance.										99.9	100.0
	Samsung Securities											
	Samsung Card											
	SDC											
	Samsung BioLogics											
	SVIC #6											
	Total	100.0	100.0	50.0	100.0	19.3	50.0	99.8	100.0	15.0	99.9	100.0

※ (% of Ownership; As of December 31, 2014; Based on Common shares)

Investor	Investee	Samsung Securities	Samsung Card	Allat	Samsungcard Customer Service	Samsung Asset Management	Samsung Futures	Samsung Venture Investment
	Samsung C&T Corporation	0.3						
	Samsung Electronics		37.5					16.3
	Samsung SDI							16.3
	Samsung Electro-mechanics							17.0
	Cheil Industries			30.0				
	Samsung Heavy Industries							17.0
	Samsung Techwin							16.7
	Cheil Worldwide							
	Samsung Fine Chemicals							
	Samsung General Chemicals							
	Hotel Shilla							
	S1 Corporation							
	SERI							
	Samsung SDS							
	Samsung Life Insurance	11.1	34.4			97.7		
	Samsung Fire & Marine Insurance.	8.0						
	Samsung Securities						99.9	16.7
	Samsung Card			30.0	100.0			
	SDC							
	Samsung BioLogics							
	SVIC #6							
	Total	19.4	71.9	60.0	100.0	97.7	99.9	100.0

※ (% of Ownership; As of December 31, 2014; Based on Common shares)

## 2) Overseas

Investor	Investee	Ownership
Samsung C&T Corporation	MYODO METAL CO., LTD.	100.0
Samsung C&T Corporation	Samsung C&T Japan Corporation	100.0
Samsung C&T Corporation	Samsung C&T America Inc.	100.0
Samsung C&T Corporation	Samsung Finance Corporation.	80.0
Samsung C&T Corporation	Samsung E&C America, INC.	100.0
Samsung C&T Corporation	SAMSUNG OIL & GAS USA CORP	90.0
Samsung C&T Corporation	Samsung Renewable Energy Inc.	100.0
Samsung C&T Corporation	SCNT Power Norte S. De R.L. de C.V.	100.0
Samsung C&T Corporation	QSSC, S.A. de C.V.	60.0
Samsung C&T Corporation	Samsung C&T Oil & Gas Parallel Corp.	100.0
Samsung C&T Corporation	Samsung C&T Automation Inc.	70.0
Samsung C&T Corporation	Samsung C&T Canada Ltd.	100.0
Samsung C&T Corporation	Samsung C&T Deutschland GmbH	100.0
Samsung C&T Corporation	Samsung C&T U.K. Ltd.	100.0
Samsung C&T Corporation	Xiod Distribution	25.0
Samsung C&T Corporation	Samsung C&T France S.A.S	100.0
Samsung C&T Corporation	Samsung C&T ECUK Limited	100.0
Samsung C&T Corporation	Whesoe Project Limited	100.0
Samsung C&T Corporation	SCNT Investment Atlantic SPRL	100.0
Samsung C&T Corporation	POSS-SLPC, s.r.o	50.0
Samsung C&T Corporation	Solluce Romania 1 B.V.	80.0
Samsung C&T Corporation	SAM investment Manzanilo B.V	53.3
Samsung C&T Corporation	Solluce Slovenia 1 B.V.	80.0
Samsung C&T Corporation	Ecosolar OOD	100.0
Samsung C&T Corporation	Ecoenergy Solar OOD	100.0
Samsung C&T Corporation	Agiriplam EOOD	100.0
Samsung C&T Corporation	Fishtrade EOOD	100.0
Samsung C&T Corporation	Manageprojekt EOOD	100.0
Samsung C&T Corporation	Solar Park EOOD	100.0
Samsung C&T Corporation	Veselinovo Energy OOD	100.0
Samsung C&T Corporation	Samsung C&T Construction Hungary Kft.	100.0
Samsung C&T Corporation	Samsung C&T (KL) Sdn.,Bhd.	100.0
Samsung C&T Corporation	Samsung C&T Malaysia SDN. BHD	100.0
Samsung C&T Corporation	Erdsam Co., Ltd.	100.0
Samsung C&T Corporation	Samsung Chemtech	51.7
Samsung C&T Corporation	S-print Inc	40.0
Samsung C&T Corporation	Cassava Investment Korea Pte. Ltd.	29.7
Samsung C&T Corporation	P.T. Samsung Development	100.0
Samsung C&T Corporation	Samsung Development (Thailand) Co., Ltd.	33.0
Samsung C&T Corporation	Samsung C&T Thailand Co., Ltd	44.0
Samsung C&T Corporation	Cheil Holding Inc.	40.0
Samsung C&T Corporation	Samsung Const. Co. Phils.,Inc.	25.0
Samsung C&T Corporation	Samsung Design Philippines Inc	100.0
Samsung C&T Corporation	Samsung Oil & Gas(Timor Sea 06-102) Ltd.	100.0
Samsung C&T Corporation	Samsugn Oil & Gas Australia PTY. LTD	100.0
Samsung C&T Corporation	PT. INSAM BATUBARA ENERGY	90.0
Samsung C&T Corporation	Samsung C&T India Pte., Ltd.	100.0
Samsung C&T Corporation	Samsung C&T Corporation India Private Ltd.	100.0
Samsung C&T Corporation	Malaysia Samsung Steel Center Sdn.Bhd	70.0
Samsung C&T Corporation	Samsung C&T Singapore Pte., Ltd.	100.0
Samsung C&T Corporation	S&G Biofuel PTE.LTD	50.5
Samsung C&T Corporation	SAMSUNG C&T Mongolia LLC.	70.0

Investor	Investee	Ownership
Samsung C&T Corporation	Samsung C&T Eng.&Const. Mogolia LLC.	100.0
Samsung C&T Corporation	Samsung C&T Hongkong Ltd.	100.0
Samsung C&T Corporation	GUANGDONG XINGPU STEEL CENTER CO.,LTD	51.6
Samsung C&T Corporation	Samsung C&T Taiwan Co., Ltd.	100.0
Samsung C&T Corporation	Samsung Precision Stainless Steel(pinghu) Co.,Ltd.	55.0
Samsung C&T Corporation	Samsung C&T (Shanghai) Co., Ltd.	100.0
Samsung C&T Corporation	Samsung Nigeria Co., Ltd.	99.9
Samsung C&T Corporation	LOBINAVE - Estaleiro Naval do Lobito, Limitada	40.0
Samsung C&T Corporation	SAMSUNG C&T CORPORATION SAUDI ARABIA	100.0
Samsung C&T Corporation	Samsung C&T Chile Copper SpA	100.0
Samsung C&T Corporation	SCNT Power Kelar Inversones Limitada	99.0
Samsung C&T Corporation	Samsung C&T do BRASIL CONSTRUCTORA LTDA.	100.0
Samsung C&T Corporation	Samsung C&T Corporation Rus LLC	100.0
Samsung C&T Corporation	KSI LLP	25.0
Samsung C&T Corporation	JSC BALKHASH THERMAL POWER PLANT	57.5
Samsung C&T Corporation	Samsung SDI America, Inc.	8.3
Samsung C&T Corporation	Samsung SDI (Malaysia) SDN. BHD.	6.4
Samsung C&T Corporation	Samsung SDI (Hong Kong) Ltd.	2.4
Samsung C&T Corporation	Samsung SDI Brasil Ltda.	0.0
Samsung C&T Corporation	Beijing Samsung Real Estate Co., Ltd	10.0
Samsung C&T America Inc.	Meadowland Distribution	100.0
Samsung C&T America Inc.	SAMSUNG OIL & GAS USA CORP	10.0
Samsung C&T America Inc.	Samsung Green repower, LLC	100.0
Samsung C&T America Inc.	Samsung Solar Construction Inc.	100.0
Samsung C&T America Inc.	QSSC, S.A. de C.V.	20.0
Samsung C&T America Inc.	Samsung C&T Automation Inc.	30.0
Samsung C&T America Inc.	S-print Inc	24.0
Samsung E&C America, INC	Samsung E&C RADIUS, INC.	100.0
Samsung Renewable Energy Inc.	SRE GRW EPC GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE GRW EPC LP	100.0
Samsung Renewable Energy Inc.	SRE SKW EPC GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE SKW EPC LP	100.0
Samsung Renewable Energy Inc.	SRE GRW LP Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE SKW LP Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE WIND PA GP INC.	100.0
Samsung Renewable Energy Inc.	SRE WIND PA LP	100.0
Samsung Renewable Energy Inc.	SRE GRS Holdings GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE GRS Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE K2 EPC GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE K2 EPC LP	100.0
Samsung Renewable Energy Inc.	SRE K2 LP HOLDINGS LP	100.0
Samsung Renewable Energy Inc.	SRE KS HOLDINGS GP INC.	100.0
Samsung Renewable Energy Inc.	SRE KS HOLDINGS LP	100.0
Samsung Renewable Energy Inc.	SOUTHGATE SOLAR GP INC.	100.0
Samsung Renewable Energy Inc.	SOUTHGATE SOLAR LP	100.0
Samsung Renewable Energy Inc.	WINDSOR SOLAR GP INC.	100.0
Samsung Renewable Energy Inc.	WINDSOR SOLAR LP	100.0
Samsung Renewable Energy Inc.	SRE Belle River LP Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE Armow EPC GP Inc.	100.0
Samsung Renewable Energy Inc.	SRE Armow EPC LP	100.0
Samsung Renewable Energy Inc.	SRE Armow LP Holdings LP	100.0
Samsung Renewable Energy Inc.	SRE Wind GP Holding Inc.	100.0
Samsung Renewable Energy Inc.	SP Ontario Wind Development LP Inc.	50.0
Samsung Renewable Energy Inc.	SP Southgate Wind LP	50.0

Investor	Investee	Ownership
Samsung Renewable Energy Inc.	SRE Dover LP Holding LP	100.0
Samsung Green repower, LLC	SOLAR PROJECTS SOLUTIONS,LLC	66.0
Kingston Solar GP Inc.	Kingston Solar LP Inc.	0.0
K2 Wind Ontario Inc.	K2 Wind Ontario LP	0.0
SP Armow Wind Ontario GP Inc	SP Armow Wind Ontario LP	0.0
Samsung C&T Oil & Gas Parallel	PLL Holdings LLC	83.6
Samsung C&T Oil & Gas Parallel	PLL E&P LLC	90.0
SRE GRW EPC GP Inc.	SRE GRW EPC LP	0.0
SRE SKW EPC GP Inc.	SRE SKW EPC LP	0.0
PLL Holdings LLC	Parallel Petroleum LLC	61.0
SRE GRW LP Holdings LP	Grand Renewable Wind LP Inc.	44.5
SRE SKW LP Holdings LP	South Kent Wind LP Inc.	50.0
SRE WIND PA GP INC.	SRE WIND PA LP	0.0
SRE GRS Holdings GP Inc.	Grand Renewable Solar GP Inc.	50.0
SRE GRS Holdings GP Inc.	SRE GRS Holdings LP	0.0
SRE K2 EPC GP Inc.	SRE K2 EPC LP	0.0
SRE K2 LP HOLDINGS LP	K2 Wind Ontario LP	33.3
SRE KS HOLDINGS GP INC.	Kingston Solar GP Inc.	50.0
SRE KS HOLDINGS GP INC.	SRE KS HOLDINGS LP	0.0
SRE KS HOLDINGS LP	Kingston Solar LP Inc.	25.0
SOUTHGATE SOLAR GP INC.	SOUTHGATE SOLAR LP	0.0
WINDSOR SOLAR GP INC.	WINDSOR SOLAR LP	0.0
SRE Belle River LP Holdings LP	SP Belle River Wind LP	50.0
SP Belle River Wind GP Inc	SP Belle River Wind LP	0.0
SRE Armow EPC GP Inc.	SRE Armow EPC LP	0.0
SRE Armow LP Holdings LP	SP Armow Wind Ontario LP	50.0
SRE Wind GP Holding Inc.	K2 Wind Ontario Inc.	50.0
SRE Wind GP Holding Inc.	SP Armow Wind Ontario GP Inc	50.0
SRE Wind GP Holding Inc.	SP Southgate Wind GP	50.0
SRE Wind GP Holding Inc.	SRE GRW LP Holdings LP	0.0
SRE Wind GP Holding Inc.	SRE SKW LP Holdings LP	0.0
SRE Wind GP Holding Inc.	SRE K2 LP HOLDINGS LP	0.0
SRE Wind GP Holding Inc.	SRE Belle River LP Holdings LP	0.0
SRE Wind GP Holding Inc.	SP Belle River Wind GP Inc	50.0
SRE Wind GP Holding Inc.	SRE Armow LP Holdings LP	0.0
SRE Wind GP Holding Inc.	SP Ontario Wind Development GP Inc.	50.0
SRE Wind GP Holding Inc.	South Kent Wind GP Inc.	50.0
SRE Wind GP Holding Inc.	Grand Renewable Wind GP Inc.	50.0
SRE Dover LP Holding LP	SP Dover Wind LP	50.0
SP Ontario Wind Development GP	SP Ontario Wind Development LP Inc.	0.0
South Kent Wind GP Inc.	South Kent Wind LP Inc.	0.0
Grand Renewable Wind GP Inc.	Grand Renewable Wind LP Inc.	0.0
Samsung C&T Deutschland GmbH	Samsung C&T Italia S.A.R.L	100.0
Samsung C&T Deutschland GmbH	SCNT Investment Atlantic SPRL	0.0
Samsung C&T Deutschland GmbH	POSS-SLPC, s.r.o	20.0
Samsung C&T Deutschland GmbH	Solluce Romania 1 B.V.	20.0
Samsung C&T Deutschland GmbH	Solluce Slovenia 1 B.V.	20.0
Samsung C&T Deutschland GmbH	S.C. Otelinox S.A	94.3
Samsung C&T Deutschland GmbH	KSI LLP	25.0
Samsung C&T U.K. Ltd.	Xiod Distribution	75.0
Samsung C&T U.K. Ltd.	Samsung Nigeria Co., Ltd.	0.1
Samsung C&T France S.A.S	Comptoir Des Produits Inoxydables S.A.S.	12.5
Solluce Romania 1 B.V.	LJG GREEN SOURCE ENERGY ALPHA S.R.L.	78.0
SAM investment Manzanilo.B.V	Terminal KMS de GNL S. de R.L de C.V	37.5

Investor	Investee	Ownership
Solluce Slovenia 1 B.V.	ZE Solar 1 D.O.O.	70.0
Samsung C&T (KL) Sdn.,Bhd.	SS KUKDONG JASATERA J/V	70.0
Cassava Investment Korea Pte.	PT. Cahaya Borneo Sukses Agrosindo	49.0
Cassava Investment Korea Pte.	PT. Cassava Borneo Sukses Plantation	49.0
Samsung C&T Thailand Co., Ltd	Samsung Development (Thailand) Co., Ltd.	67.0
Cheil Holding Inc.	Samsung Const. Co. Phils.,Inc.	75.0
Samsung C&T Singapore Pte. Ltd.	Samsung Chemtech	48.3
Samsung C&T Singapore Pte. Ltd.	S-print Inc	16.0
Samsung C&T Singapore Pte. Ltd.	Cassava Investment Korea Pte. Ltd.	12.7
Samsung C&T Singapore Pte. Ltd.	PT. INSAM BATUBARA ENERGY	10.0
Samsung C&T Singapore Pte. Ltd.	Malaysia Samsung Steel Center Sdn.Bhd	30.0
Samsung C&T Singapore Pte. Ltd.	S&G Biofuel PTE.LTD	12.6
S&G Biofuel PTE.LTD	PT. Gandaerah Hendana	95.0
S&G Biofuel PTE.LTD	PT. Inecda	95.0
SAMSUNG C&T HONGKONG Ltd.	Samsung C&T Thailand Co., Ltd	13.2
SAMSUNG C&T HONGKONG Ltd.	SAMSUNG (TIANJIN) INTERNATIONAL TRADING CO., LTD	100.0
SAMSUNG C&T HONGKONG Ltd.	SAMSUNG TRADING (SHANGHAI) CO., LTD	100.0
SAMSUNG C&T HONGKONG Ltd.	Karson Industrial Co., Ltd.	100.0
SAMSUNG C&T HONGKONG Ltd.	SAMSUNG TRADING (SHENZHEN) CO., LTD	100.0
SAMSUNG C&T HONGKONG Ltd.	Samsung Precision Stainless Steel(pinghu) Co.,Ltd.	45.0
SAMSUNG C&T HONGKONG Ltd.	Samsung Logistics (China) Ltd.	100.0
SAMSUNG C&T HONGKONG Ltd.	Samsung Corporation (Gaungzhou) Limited.	100.0
Samsung (China) Logistics Ltd.	Samsung Logistics (Tianjin) Ltd	100.0
Samsung (China) Logistics Ltd.	SAMSUNG TRADING (SHENZHEN) CO., LTD	100.0
Samsung C&T Chile Copper SpA	Pampa Camarones S.A.	46.5
S.C. Otelinox S.A	Comptoir Des Produits Inoxydables S.A.S.	87.5
Samsung Electronics	Samsung Japan Corporation	100.0
Samsung Electronics	Samsung R&D Institute Japan Co. Ltd	100.0
Samsung Electronics	Samsung Electronics America Inc.	100.0
Samsung Electronics	Samsung Electronics Canada Inc.	100.0
Samsung Electronics	Samsung Electronics Mexico S.A. De C.V.	63.6
Samsung Electronics	Nvelo.Inc	100.0
Samsung Electronics	Samsung Electronics (UK) Ltd.	100.0
Samsung Electronics	Samsung Electronics(London) Ltd.	100.0
Samsung Electronics	Samsung Electronics Holding GmbH	100.0
Samsung Electronics	Samsung Electronics Iberia, S.A.	100.0
Samsung Electronics	Samsung Electronics France S.A.S	100.0
Samsung Electronics	Samsung Electronics Hungarian RT.	100.0
Samsung Electronics	Samsung Electronics Italia S.P.A.	100.0
Samsung Electronics	Samsung Electronics Europe Logistics B.V.	100.0
Samsung Electronics	Samsung Electronics Benelux B.V.	100.0
Samsung Electronics	Samsung Electronics Overseas B.V.	100.0
Samsung Electronics	Samsung Electronics Polska, SP.Zo.o	100.0
Samsung Electronics	Samsung Electronics Portuguesa S.A.	100.0
Samsung Electronics	Samsung Electronics Nordic Aktiebolag	100.0
Samsung Electronics	Samsung Electronics Austria GmbH	100.0
Samsung Electronics	Samsung Electronics Slovakia s.r.o	55.7
Samsung Electronics	Samsung Electronics Europe Holding Cooperatief U.A.	100.0
Samsung Electronics	Samsung Electronics Display (M) Sdn. Bhd.	75.0
Samsung Electronics	Samsung Electronics (M) Sdn. Bhd.	100.0
Samsung Electronics	Samsung Vina Electronics Co., Ltd.	100.0
Samsung Electronics	Samsung Asia Private Ltd.	100.0
Samsung Electronics	Samsung India Electronics Private Ltd.	100.0
Samsung Electronics	Samsung R&D Institute India-Bangalore Private Limited	100.0

Investor	Investee	Ownership
Samsung Electronics	Samsung Electronics Australia Pty. Ltd.	100.0
Samsung Electronics	PT Samsung Electronics Indonesia	100.0
Samsung Electronics	Thai Samsung Electronics Co., Ltd.	91.8
Samsung Electronics	Samsung Malaysia Electronics(SME) Sdn.Bhd.	100.0
Samsung Electronics	Samsung Electronics Hong Kong Co., Ltd.	100.0
Samsung Electronics	Suzhou Samsung Electronics Co., Ltd.	69.1
Samsung Electronics	Samsung (CHINA) Investment Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics Suzhou Semiconductor Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics (Shandong) Digital Printing Co., Ltd.	87.1
Samsung Electronics	Samsung Electronics Huizhou Co., Ltd.	89.6
Samsung Electronics	Tianjin Samsung Electronics Co., Ltd.	48.2
Samsung Electronics	Samsung Electronics Taiwan Co., Ltd.	100.0
Samsung Electronics	Tianjin Samsung Telecom Technology Co., Ltd.	90.0
Samsung Electronics	Shanghai Samsung Semiconductor Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics Suzhou Computer Co., Ltd.	73.7
Samsung Electronics	Shenzhen Samsung Electronics Telecommunication Co., Ltd.	95.0
Samsung Electronics	Samsung Electronics Shanghai Telecommunication Co., Ltd.	100.0
Samsung Electronics	Samsung Semiconductor (China) R&D Co., Ltd.	100.0
Samsung Electronics	Samsung (China) Semiconductor Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics Hainan Fiberoptics Co., Ltd	100.0
Samsung Electronics	Samsung Gulf Electronics Co., Ltd.	100.0
Samsung Electronics	Samsung Electronics Egypt S.A.E	0.1
Samsung Electronics	Samsung Electronics South Africa(Pty) Ltd.	100.0
Samsung Electronics	Samsung Electronics Latinoamerica (Zona Libre)	100.0
Samsung Electronics	Samsung Electronica da Amazonia Ltda.	87.0
Samsung Electronics	Samsung Electronics Argentina S.A.	98.0
Samsung Electronics	Samsung Electronics Chile Limitada	4.1
Samsung Electronics	Samsung Electronics Rus Company LLC	100.0
Samsung Electronics	Samsung Electronics Rus Kaluga LLC	100.0
Samsung Electronics	Samsung Russia Service Centre LLC	100.0
Samsung Electronics	Samsung SDI Brasil Ltda.	0.1
Samsung Electronics	Tianjin Samsung LED Co., Ltd.	100.0
Samsung Electronics	Tianjin Samsung Opto-Electronics Co., Ltd.	82.0
Samsung BioEpis	SAMSUNG BIOEPIS UK LIMITED	100.0
Samsung Display	Intellectual Keystone Technology LLC	41.9
Samsung Display	Samsung Display Slovakia s.r.o.	100.0
Samsung Display	Samsung Display Bac Ninh Co., Ltd.	100.0
Samsung Display	Samsung Display Suzhou Co., Ltd.	100.0
Samsung Display	Samsung Suzhou LCD Co., Ltd.	60.0
Samsung Display	Samsung Display Dongguan Co., Ltd.	100.0
Samsung Display	Samsung Display Tianjin Co., Ltd.	95.0
Samsung Display	Novald GmbH	9.9
SEMES	SEMES America, Inc.	100.0
SEMES	SEMES (XIAN) Co., Ltd.	100.0
Samsung Medison	SonoAce Deutschland GmbH	100.0
Samsung Medison	Samsung Medison India Private Ltd.	100.0
Samsung Medison	Samsung Medison Shanghai Medical Instrument Co., Ltd.	100.0
Samsung Electronics America, Inc.	NexusDX, Inc.	100.0
Samsung Electronics America, Inc.	NeuroLogica Corp.	100.0
Samsung Electronics America, Inc.	Samsung Receivables Corporation	40.1
Samsung Electronics America, Inc.	Quietside	100.0
Samsung Electronics America, Inc.	SmartThings	100.0
Samsung Electronics America, Inc.	Samsung Semiconductor, Inc.	100.0
Samsung Electronics America, Inc.	Samsung Information Systems America, Inc.	100.0



Investor	Investee	Ownership
Samsung Electronics America, Inc.	Samsung International, Inc.	100.0
Samsung Electronics America, Inc.	Samsung Telecommunications America LLC.	100.0
Samsung Semiconductor, Inc.	Grandis, Inc.	100.0
Samsung Semiconductor, Inc.	Samsung Austin Semiconductor LLC.	100.0
Samsung Electronics Canada Inc	PrinterOn Corporation	100.0
PrinterOn Inc	PrinterOn America Corporation	100.0
PrinterOn Inc	PrinterOn Europe Limited	100.0
Samsung International, Inc.	Samsung Mexicana S.A. de C.V	100.0
Samsung Telecommunications America LLC.	Samsung Receivables Corporation	59.9
Samsung Electronics Mexico S.A	Samsung Electronics Digital Appliance Mexico, SA de CV	100.0
Samsung Electronics (UK) Ltd.	Samsung Semiconductor Europe Limited	100.0
Samsung Electronics Holding GmbH	Samsung Semiconductor Europe GmbH	100.0
Samsung Electronics Holding GmbH	Samsung Electronics GmbH	100.0
Samsung Electronics Hungarian RT.	Samsung Electronics Czech and Slovak s.r.o.	30.0
Samsung Electronics Hungarian RT.	Samsung Electronics Slovakia s.r.o	44.3
Samsung Electronics Benelux B.V.	Samsung Electronics Mexico S.A. De C.V.	36.4
Samsung Electronics Benelux B.V.	SAMSUNG ELECTRONICS BALTICS SIA	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics West Africa	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics East Africa	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Egypt S.A.E	99.9
Samsung Electronics Benelux B.V.	Samsung Electronics Israel Ltd.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Tunisia S.A.R.L	99.0
Samsung Electronics Benelux B.V.	Samsung Electronics Pakistan(Private) Ltd.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics South Africa Production	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Turkey	100.0
Samsung Electronics Benelux B.V.	Samsung Semiconductor Israel R&D Center,Ltd.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Levant Co.,Ltd.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Morocco SARLAU	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Venezuela, C.A.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronica da Amazonia Ltda.	13.0
Samsung Electronics Benelux B.V.	Samsung Electronics Chile Limitada	95.9
Samsung Electronics Benelux B.V.	Samsung Electronics Peru S.A.C.	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Rus LLC	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Ukraine LLC	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Ukraine Company LLC	100.0
Samsung Electronics Benelux B.V.	Samsung R&D Institute Rus LLC	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Kazakhstan LLP	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics KZ and Central Asia LLP	100.0
Samsung Electronics Benelux B.V.	Samsung Electronics Caucasus Co., Ltd	100.0
Samsung Electronics Austria GmbH	Samsung Electronics Switzerland GmbH	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Electronics Czech and Slovak s.r.o.	70.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Electronics Romania LLC	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Porta Nuova Varesine Building 2 S.r.l.	49.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Electronics Poland Manufacturing SP.Zo.o	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Electronics Greece S.A.	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Nanoradio Design Center	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Denmark Research Center ApS	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung France Research Center SARL	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Samsung Cambridge Solution Centre Limited	100.0
Samsung Electronics Europe Holding Cooperatief U.A.	Novalad GmbH	40.0
Samsung Nanoradio Design Center	Nanoradio Hellas AE	100.0
Samsung Electronics Display (M) Sdn. Bhd.	Tianjin Samsung Electronics Co., Ltd.	2.2
Samsung Asia Private Ltd.	Samsung Electronics Japan Co., Ltd.	100.0
Samsung Asia Private Ltd.	Samsung Electronics Display (M) Sdn. Bhd.	25.0

Investor	Investee	Ownership
Samsung Asia Private Ltd.	Samsung Electronics New Zealand Limited	100.0
Samsung Asia Private Ltd.	Samsung Electronics Philippines Corporation	100.0
Samsung Asia Private Ltd.	Samsung R&D Institute BanglaDesh	100.0
Samsung Asia Private Ltd.	Samsung Electronics Vietnam Co., Ltd.	100.0
Samsung Asia Private Ltd.	Samsung Telecommunications Malaysia Sbn. Bhd.	100.0
Samsung Asia Private Ltd.	Samsung Electronics Vietnam THANGUYEN Co., Ltd.	100.0
Samsung Asia Private Ltd.	Samsung SDI (Malaysia) SDN. BHD.	25.0
Samsung Asia Private Ltd.	Samsung Electro-Mechanics(Thailand) Co., Ltd.	25.0
Samsung Asia Private Ltd.	iMarket Asia Co., Ltd.	11.4
PT Samsung Electronics Indonesia	PT Samsung Telecommunications Indonesia	99.0
Samsung Electronics Hong Kong Co., Ltd.	iMarket Asia Co., Ltd.	11.3
Suzhou Samsung Electronics Co., Ltd.	Samsung Suzhou Electronics Export Co., Ltd.	100.0
Samsung (CHINA) Investment Co., Ltd.	Suzhou Samsung Electronics Co., Ltd.	19.2
Samsung (CHINA) Investment Co., Ltd.	Samsung Mobile R&D Center China-Guangzhou	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Mobile R&D Center China - Tianjin	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Network R&D Center China-Shenzhen	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung R&D Institute China-Xian	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics (Shandong) Digital Printing Co., Ltd.	12.9
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics Huizhou Co., Ltd.	10.3
Samsung (CHINA) Investment Co., Ltd.	Tianjin Samsung Electronics Co., Ltd.	40.8
Samsung (CHINA) Investment Co., Ltd.	Beijing Samsung Telecom R&D Center	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics Suzhou Computer Co., Ltd.	26.3
Samsung (CHINA) Investment Co., Ltd.	Samsung R&D Institute China - Nanjing	100.0
Samsung (CHINA) Investment Co., Ltd.	Samsung Electronics (Beijing) Service Company Limited	100.0
Samsung (CHINA) Investment Co., Ltd.	Tianjin Samsung Opto-Electronics Co., Ltd.	8.0
Samsung Gulf Electronics Co., Ltd.	Samsung Electronics Egypt S.A.E	0.1
Samsung Electronics Morocco SARLAU	Samsung Electronics Tunisia S.A.R.L	1.0
Samsung Electronics Latinoamerica (Zona Libre)	Samsung Electronics Latinoamerica Miami, Inc.	100.0
Samsung Electronics Latinoamerica (Zona Libre)	Samsung Electronica Colombia S.A.	100.0
Samsung Electronics Latinoamerica (Zona Libre)	Samsung Electronics Panama. S.A	100.0
Samsung Electronica da Amazonia Ltda.	Samsung Electronics Argentina S.A.	2.0
Samsung Electronics KZ and Cen	Samsung Electronics Caucasus Co., Ltd	0.0
Samsung SDI	Intellectual Keystone Technology LLC	41.0
Samsung SDI	Samsung SDI Japan co.Ltd	100.0
Samsung SDI	Samsung SDI America, Inc.	91.7
Samsung SDI	Samsung SDI Hungary Rt.	100.0
Samsung SDI	Samsung SDI Europe GmbH.	100.0
Samsung SDI	Samsung SDI Battery Systems GmbH	100.0
Samsung SDI	Samsung SDI (Malaysia) SDN. BHD.	68.6
Samsung SDI	Samsung SDI Vietnam Co., LTD.	100.0
Samsung SDI	Samsung SDI Energy Malaysia Sdn. Bhd.	100.0
Samsung SDI	Samsung SDI (Hong Kong) Ltd.	97.6
Samsung SDI	Samsung SDI China Co.,Ltd	100.0
Samsung SDI	Samsung SDI-ARN(Xian) Power Battery Co., Ltd	50.0
Samsung SDI	Samsung SDI Brasil Ltda.	45.0
Samsung SDI	SAMSUNG CHEIL INDUSTRIES JAPAN CO., LTD	100.0
Samsung SDI	Samsung Chemical U.S.A Inc.	100.0
Samsung SDI	Starex Compounding America Inc.	100.0
Samsung SDI	Samsung Chemical Europe GmbH	100.0
Samsung SDI	Samsung Chemical Hungary LLC	100.0
Samsung SDI	Novalad GmbH	50.1
Samsung SDI	Samsung Chemical (Thailand) CO., Ltd	59.4
Samsung SDI	Samsung Chemical Material Trading(Shanghai)Co.Ltd.	100.0
Samsung SDI	TIANJIN SAMSUNG ENGINEERING PLASTICS CO.,LTD	100.0

Investor	Investee	Ownership
Samsung SDI	DONGGUAN SAMSUNG ENGINEERING PLASTICS CO., Ltd.	100.0
Samsung SDI	SAMSUNG CHEMICAL ELECTRONIC MATERIALS(SUZHOU)CO.,Ltd	100.0
Samsung SDI	iMarket Asia Co., Ltd.	8.7
Samsung SDI America, Inc.	Samsung SDI Mexico S.A. de C.V.	100.0
Samsung SDI America, Inc.	Samsung SDI Brasil Ltda.	40.4
Samsung SDI (Hong Kong) Ltd.	Shenzhen Samsung SDI Co., Ltd.	80.0
Samsung SDI (Hong Kong) Ltd.	Tianjin Samsung SDI Co., Ltd.	80.0
Samsung SDI (Hong Kong) Ltd.	Shanghai Samsung Electronic Devices Co., Ltd	60.3
Samsung SDI (Hong Kong) Ltd.	Samsung SDI Brasil Ltda.	14.5
Samsung Electro-Mechanics	Samsung Electro-Mechanics Japan Co., Ltd.	100.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics Japan Advanced Technology Co.,Ltd	100.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics America, Inc.	100.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics GmbH	100.0
Samsung Electro-Mechanics	Samsung Hungary Electro-Mechanics Private LLC	100.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics(Thailand) Co., Ltd.	75.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics Phils., Corp.	100.0
Samsung Electro-Mechanics	Calamba Premier Realty Corporation.	39.8
Samsung Electro-Mechanics	Samsung Electro-Mechanics Pte., Ltd	100.0
Samsung Electro-Mechanics	Samsung Electro Mechanics Vietnam Co., Ltd	100.0
Samsung Electro-Mechanics	Dongguan Samsung Electro-Mechanics Co., Ltd	100.0
Samsung Electro-Mechanics	Tianjin Samsung Electro-Mechanics Co., Ltd	81.8
Samsung Electro-Mechanics	Samsung Electro-Mechanics(HK) Co., Ltd.	100.0
Samsung Electro-Mechanics	SAMSUNG HIGH-TECH ELECTRO-MECHANICS(TIANJIN) CO.,	95.0
Samsung Electro-Mechanics	Samsung Electro-Mechanics(Shenzhen) Co., Ltd	100.0
Samsung Electro-Mechanics	Kunshan Samsung Electro-Mechanics Co., Ltd	100.0
Samsung Electro-Mechanics	iMarket Asia Co., Ltd.	8.7
Samsung Electro-Mechanics Japan Advanced Technology Co.,Ltd	Samsung Electro-Mechanics Nakhonratchasima Co.,Ltd	100.0
Samsung Electro-Mechanics America, Inc.	Samsung Electro-Mechanics do Brasil Intermediacoes de Negocios Ltda	100.0
Calamba Premier Realty Corpora	BATINO REALTY CORPORATION	100.0
Samsung Fire & Marine Insurance	Samsung Fire & Marine Management Corporation	100.0
Samsung Fire & Marine Insurance	Samsung Fire & Marine Insurance Company of Europe	100.0
Samsung Fire & Marine Insurance	P.T. Asuransi Samsung Tugu	70.0
Samsung Fire & Marine Insurance	Samsung Vina Insurance Co., Ltd.	75.0
Samsung Fire & Marine Insurance	Samsung Reinsurance Pte., Ltd.	100.0
Samsung Fire & Marine Insurance	Samsung Property and Casualty Insurance Co(China) Ltd.	100.0
Samsung Fire & Marine Insurance	SAMSUNG FIRE & MARINE CONSULTORIA EM SEGUROS LTDA.	100.0
Samsung General Chemicals	Samsung General Chemicals (Shanghai) Co., Ltd.	100.0
Samsung Total Petrochemicals	Dongguan Samsung Total Engineering Plastic co.,Ltd.	100.0
Samsung Total Petrochemicals	Samsung Total Petrochemicals Trading (Shanghai) Co., Ltd.	100.0
Samsung Heavy Industries Co.,Ltd.	Camellia Consulting Corporation	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Wind Energy,Inc	100.0
Samsung Heavy Industries Co.,Ltd.	Offshore 1 consulting Corporation	51.0
Samsung Heavy Industries Co.,Ltd.	Samsung heavy Industries Hamburg GmbH	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries India Pvt.Ltd.	100.0
Samsung Heavy Industries Co.,Ltd.	SAMSUNG HEAVY INDUSTRIES (M) SDN.BHD	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries(Ningbo) Co., Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries(Rongcheng) Co., Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	Rongcheng Gaya Heavy Industries Co., Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	Samsung Heavy Industries Trade(Shanghai) Co., Ltd	100.0
Samsung Heavy Industries Co.,Ltd.	SAMSUNG HEAVY INDUSTRIES NIGERIA LIMITED	100.0
Samsung Heavy Industries Co.,Ltd.	SANGSUNG HEAVY INDUSTRIES BRAZIL ASSESSORIA EM PRO	100.0
Samsung Heavy Industries Co.,Ltd.	SHI BRAZIL CONSTRUCTION	100.0
Offshore 1 consulting Corporat	AMEC Samsung Oil&Gas, LLC	51.0
SAMSUNG HEAVY INDUSTRIES NIGERIA Co., Ltd	SHI - MCI FZE	70.0

Investor	Investee	Ownership
Samsung Life Insurance	Porta Nuova Varesine Building 2 S.r.l.	51.0
Samsung Life Insurance	SAMSUNG LIFE INVESTMENT (AMERICA) LTD.	100.0
Samsung Life Insurance	Samsung Life Investment (U.K.) Limited.	100.0
Samsung Life Insurance	30 GRESHAM STREET(JERSEY) LIMITED	100.0
Samsung Life Insurance	THAI SAMSUNG LIFE INSURANCE CO., LTD.	35.8
Samsung Life Insurance	Samsung Air China Life Insurance	50.0
Samsung Life Insurance	Beijing Samsung Real Estate Co., Ltd	90.0
Samsung Asset Management	Samsung Asset Management(Hong Kong) Limited.	100.0
30 GRESHAM STREET(JERSEY) LIMI	30 GRESHAM STREET (SINGAPORE) LIMITED	100.0
Starex Compounding America Inc.	Stacom Mexico, S.A. de C.V.	100.0
SAMSUNG CHEMICAL(THAILAND) CO.	Samsung Engineering (Thailand) Co., Ltd.	19.0
Samsung Techwin	Techwin Engineering Center	100.0
Samsung Techwin	Samsung Opto-Electronics America, Inc.	100.0
Samsung Techwin	SAMSUNG TECHWIN EUROPE, Ltd.	100.0
Samsung Techwin	Tianjin Samsung Techwin Opto-Electronics	95.0
Samsung Techwin	Shanghai Samsung Techwin	100.0
Samsung Techwin	SAMSUNG TECHWIN DO BRASIL EQUIPAMEN TOS DE SEGURANCA Ltda.	100.0
Cheil Industries Inc.	Cheil America Inc.	100.0
Cheil Industries Inc.	Samsung Fashion S.r.L	100.0
Cheil Industries Inc.	COLOMBO VIA DELLA SPIGA S.R.L	100.0
Cheil Industries Inc.	Samsung Fashion Trading (Shanghai) Co. ,Ltd	100.0
Cheil Industries Inc.	CHEIL INDUSTRIES INC. VIETNAM COMPANY LIMITED	100.0
Cheil Industries Inc.	iMarket Asia Co., Ltd.	19.3
Samsung Welstory	Shanghai Ever-Hongjun Business Mgt Service Co.,LTD	51.0
Credu	LANGUAGE TESTING INTERNATIONAL, INC	82.4
PengTai Greater China Co., Ltd	PengTai China Co., Ltd.	100.0
PengTai Greater China Co., Ltd	PengTai Taiwan Co., Ltd.	100.0
PengTai Greater China Co., Ltd	PengTai Interactive Advertising Co.,Ltd.	100.0
PengTai China Co., Ltd.	PengTai e-Commerce Co., Ltd.	100.0
PengTai China Co., Ltd.	PengTai Marketing Service Co., Ltd.	100.0
iMarket Asia Co., Ltd.	iMarket China Co., Ltd.	80.0
Samsung Fine Chemicals	Samsung Fine Chemicals Europe GmbH	100.0
Samsung Fine Chemicals	Samsung Fine Chemicals Trading (Shanghai) Co., Ltd	100.0
Samsung Securities	Samsung Securities (America), Inc.	100.0
Samsung Securities	Samsung Securities (Europe) Limited.	100.0
Samsung Securities	Samsung Securities (Asia) Limited.	100.0
Samsung SDS	iMarket Asia Co., Ltd.	40.6
Samsung SDS	Samsung SDS America, Inc.	100.0
Samsung SDS	Samsung SDS Europe Ltd.	100.0
Samsung SDS	Samsung SDS Global SCL Netherlands Cooperatief U.A	100.0
Samsung SDS	Samsung SDS Asia Pacific Pte. Ltd.	100.0
Samsung SDS	Samsung SDS India Pvt. Ltd.	100.0
Samsung SDS	Samsung SDS China, Ltd.	100.0
Samsung SDS	SAMSUNG SDS LATIN AMERICA SOLUCOES EM TECNOLOGIA Ltda	99.7
Miracom	MIRACOM INC ASIA PACIFIC LTD	100.0
Samsung SDS America, Inc.	SAMSUNG SDS LATIN AMERICA SOLUCOES EM TECNOLOGIA Ltda	0.3
Samsung SDS America, Inc.	Samsung SDS Mexico, S.A. DE C.V.	99.0
Samsung SDS America, Inc.	Samsung SDS Global SCL Panama S. A.	100.0
Samsung SDS America, Inc.	Samsung SDS Global SCL Chile Limitada	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Hungary Kft.	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Slovakia, s.r.o.	100.0
Samsung SDS Europe Ltd.	SAMSUNG SDS GSCL POLAND	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Netherlands Cooperatief U.A	0.0
Samsung SDS Europe Ltd.	SAMSUNG SDS Global SCL Egypt Co. Ltd.	100.0

Investor	Investee	Ownership
Samsung SDS Europe Ltd.	Samsung SDS global SCL South Africa	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Transport and Logistics Joint Stock Company	100.0
Samsung SDS Europe Ltd.	Samsung SDS Global SCL Rus Limited liability company	100.0
Samsung SDS Global SCL Netherland Cooperatief U.A	SAMSUNG SDS GSCL POLAND	0.0
Samsung SDS Global SCL Netherland Cooperatief U.A	Samsung SDS Global SCL Rus LLC	0.0
Samsung SDS Asia Pacific Pte.	Samsung SDS GSCL Vietnam Co Ltd	51.0
Samsung SDS Asia Pacific Pte.	PT. Samsung SDS Global SCL Indonesia	100.0
Samsung SDS Asia Pacific Pte.	Samsung SDS Global SCL Philippines Co., Ltd.	100.0
Samsung SDS Asia Pacific Pte.	Samsung SDS Global SCL Thailand Co.,Ltd	100.0
Samsung SDS Asia Pacific Pte.	Samsung SDS Global SCL Malaysia SDN.BHD.	100.0
Samsung SDS Asia Pacific Pte.	SAMSUNG SDS GLOBAL SCL AUSTRALIA PTY., LTD.	100.0
Samsung SDS Asia Pacific Pte.	Samsung SDS Global SCL Hong Kong Ltd	100.0
Samsung SDS China, Ltd.	Samsung SDS Global Development Center Xi'an	100.0
Samsung SDS China, Ltd.	Samsung SDS Global SCL Beijing Co., Ltd	100.0
MIRACOM INC ASIA PACIFIC LTD	MIRACOM INC CHINA LTD	100.0
Samsung Engineering	Offshore 1 consulting Corporation	49.0
Samsung Engineering	Samsung Engineering America Inc.	100.0
Samsung Engineering	Samsung Engineering Magyarorszag Epitoipari K. F.	100.0
Samsung Engineering	Samsung Engineering (Malaysia) SDN. BHD.	100.0
Samsung Engineering	PT Samsung Engineering Indonesia Co., Ltd.	100.0
Samsung Engineering	Samsung Engineering (Thailand) Co., Ltd.	81.0
Samsung Engineering	Samsung Engineering India Private Ltd.	100.0
Samsung Engineering	Samsung Engineering Vietnam Co	100.0
Samsung Engineering	Samsung Engineering Construction(Shanghai) Co., Ltd	100.0
Samsung Engineering	Samsung Saudi Arabia Company Limited.	95.0
Samsung Engineering	Muharraq Wastewater Services Company W.L.L.	64.8
Samsung Engineering	Muharraq STP Company B.S.C.	4.6
Samsung Engineering	Muharraq Holding Company 1 Ltd.	45.0
Samsung Engineering	Samsung Ingenieria Minatitlan, S.A. De C.V.	99.9
Samsung Engineering	Samsung Engineering Trinidad Co., Ltd.	100.0
Samsung Engineering	Samsung Ingenieria Manzanillo, S.A. De C.V.	99.9
Samsung Engineering	Grupo Samsung Ingenieria Mexico, S.A. De C.V.	100.0
Samsung Engineering	Samsung Ingenieria Energia S.A. De C.V.	100.0
Samsung Engineering	Samsung Engineering America Do Sul Projecto E Consultoria Ltda.	100.0
Samsung Engineering	Samsung Engineering Bolivia S.A	99.9
Samsung Engineering	Samsung Ingenieria DUBA S.A. de C.V.	100.0
Samsung Engineering	Samsung Engineering Kazakhstan LLP	100.0
Samsung Engineering America Inc	SEA Construction, LLC	100.0
Samsung Engineering (Malaysia)	Muharraq Wastewater Services Company W.L.L.	0.3
Samsung Engineering (Thailand)	Samsung Chemical (Thailand) CO., Ltd	40.6
Samsung Engineering India Private Ltd.	Samsung Saudi Arabia Company Limited.	5.0
Samsung Saudi Arabia Company	Samsung EPC Company Ltd.	75.0
Muharraq Holding Company 1 Ltd	Muharraq Holding Company 2 Ltd.	100.0
Muharraq Holding Company 2 Ltd	Muharraq STP Company B.S.C.	79.7
S1 Corporation	SOCM LLC	100.0
S1 Corporation	Samsung Beijing Security Systems	100.0
Cheil Worldwide	Cheil USA Inc.	100.0
Cheil Worldwide	Cheil Central America Inc.	100.0
Cheil Worldwide	Cheil Europe Ltd.	100.0
Cheil Worldwide	Cheil Germany GmbH	100.0
Cheil Worldwide	Cheil France SAS	100.0
Cheil Worldwide	Cheil Nordic AB	100.0
Cheil Worldwide	Cheil India Pvt. Ltd.	100.0
Cheil Worldwide	Cheil (Thailand) Ltd.	100.0

Investor	Investee	Ownership
Cheil Worldwide	Cheil Singapore Pte. Ltd.	100.0
Cheil Worldwide	Cheil Vietnam Co. Ltd.	90.0
Cheil Worldwide	Cheil Integrated Marketing Philippines, Inc.	100.0
Cheil Worldwide	Cheil Malaysia SDN BHD	100.0
Cheil Worldwide	Cheil China	100.0
Cheil Worldwide	Cheil Hong Kong Ltd.	100.0
Cheil Worldwide	Bravo Asia Limited	100.0
Cheil Worldwide	Bravo Asia-Shanghai	100.0
Cheil Worldwide	Cheil MEA FZ-LLC	100.0
Cheil Worldwide	Cheil South Africa Pty., Ltd.	100.0
Cheil Worldwide	CHEIL KENYA LIMITED	99.0
Cheil Worldwide	Cheil Communications Nigeria Ltd.	99.0
Cheil Worldwide	Cheil Jordan	100.0
Cheil Worldwide	Cheil Brazil Communications Ltda.	100.0
Cheil Worldwide	Cheil Mexico Inc. SA de CV	98.0
Cheil Worldwide	Cheil Rus LLC	100.0
Cheil Worldwide	Cheil Ukraine LLC	100.0
Cheil Worldwide	Cheil Kazakhstan LLC	100.0
Hotel Shilla	Samsung Hospitality America	100.0
Hotel Shilla	New Jersey Int'l M.C.Inc.	100.0
Hotel Shilla	SAMSUNG HOSPITALITY U.K. Limited	100.0
Hotel Shilla	Shilla Travel Retail Pte.Ltd	100.0
Hotel Shilla	SHILLA LIMITED Macao	100.0
Hotel Shilla	Samsung Shilla Business Service Beijing Co., Ltd.	100.0
Hotel Shilla	SHILLA LIMITED Hong Kong	100.0
SVIC #22	RT SV CO-INVEST, LP	99.9
Cheil USA Inc.	The Barbarian Group LLC	100.0
Cheil USA Inc.	McKinney Ventures LLC	100.0
Cheil USA Inc.	Cheil India Pvt. Ltd.	0.0
Cheil USA Inc.	Cheil Mexico Inc. SA de CV	2.0
Samsung Hospitality America	Samsung Hospitality Europe GmbH	100.0
Cheil Europe Ltd.	Beattie McGuinness Bungay Limited.	75.0
Cheil Europe Ltd.	Cheil Italia S.r.l	100.0
Cheil Europe Ltd.	CHEIL SPAIN S.L	100.0
Cheil Europe Ltd.	CHEIL BENELUX B.V.	100.0
Cheil Germany GmbH	CHEIL AUSTRIA GMBH	100.0
Cheil Singapore Pte. Ltd.	PengTai Greater China Co., Ltd.	95.0
Cheil Singapore Pte. Ltd.	PT. CHEIL WORLDWIDE INDONESIA	100.0
Cheil Hong Kong Ltd.	PengTai Greater China Co., Ltd.	3.1
Cheil MEA FZ-LLC	One Agency FZ LLC	100.0
Cheil MEA FZ-LLC	One Agency Istanbul Advertisement, Communication & Production LLC	0.0
Cheil South Africa Pty., Ltd.	CHEIL KENYA LIMITED	1.0
Cheil South Africa Pty., Ltd.	Cheil Communications Nigeria Ltd.	1.0
One Agency FZ LLC	One Agency Istanbul Advertisement, Communication & Production LLC	100.0
One Agency FZ LLC	One Agency Interior Design LLC	100.0
One Agency FZ LLC	One Agency Printing LLC	100.0
One Agency FZ LLC	One Agency South Africa Pty., Ltd.	100.0
One Agency FZ LLC	One Agency Russia LLC	99.9
Cheil Rus LLC	One Agency Russia LLC	0.1

※ (% of Ownership; As of December 31, 2014; Based on Common shares)

## C. Related Statute & Regulation

Regulatory restrictions including the restriction on cross-holdings in accordance with the Monopoly Regulation and Fair Trade Act

- (1) Date of announcement by the authorities related to companies deemed as a part of Samsung Group for the current year:  
April 1, 2014
- (2) Summary of Restrictions
  - Restriction of cross-holdings
  - Restriction of debt guarantee between affiliates
  - Restriction of voting rights for affiliates, including financial and insurance companies
  - Decision by board committee and public disclosure of large-scale related party transactions
  - Public disclosure of important matters of unlisted companies
  - Other public disclosures related to Company status

## D. Equity Investments in other corporations

(1) The total book value of equity investments in other corporations as of December 31, 2014 is KRW 46,311 billion

[As of December 31, 2014]

(Unit: 1,000 shares, KRW million, %)

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats		
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Domestic*	Listed	Samsung Electro-Mechanics	1977.01	Management	250	17,693	23.69	445,244	0	0	0	17,693	23.69	445,244	7,185,343	345,692
	Listed	Samsung Card	1988.12	Management	10,000	43,393	37.45	1,455,485	0	0	0	43,393	37.45	1,455,485	16,560,926	273,232
	Listed	Samsung Techwin	1977.12	Management	336	13,527	25.46	235,638	0	0	0	13,527	25.46	235,638	3,434,224	133,039
	Unlisted	STECO	1995.06	Business	24,000	2,448	51.00	32,724	0	0	0	2,448	51.00	32,724	91,556	3,188
	Unlisted	SEMES	1992.12	Business	1,000	2,167	91.30	70,817	6	1,089	0	2,173	91.54	71,906	669,232	38,062
	Unlisted	SERI	1991.05	Management	320	3,576	29.80	24,942	0	0	0	3,576	29.80	24,942	123,875	5,014
	Unlisted	Samsung SDS	1992.07	Management	6,160	17,472	22.58	560,827	0	0	0	17,472	22.58	560,827	5,300,100	325,983
	Unlisted	Samsung Lions	1986.08	Management	240	55	27.50	-102	0	0	0	55	27.50	-102	65,889	-12,166
	Unlisted	Samsung Electronics Service	1998.01	Business	30,000	6,000	99.33	48,121	0	0	0	6,000	99.33	48,121	335,588	4,363
	Unlisted	MEMC Korea	1991.12	Management	36,000	3,440	20.00	35,286	-3,440	-35,286	0	0	0.00	0	266,963	5,418
	Unlisted	Samsung Electronics Sales	2000.12	Business	3,100	1,767	100.00	247,523	0	0	0	1,767	100.00	247,523	564,361	4,425
	Unlisted	Samsung Electronics Logitech	1999.04	Business	76	1,011	100.00	46,669	0	0	0	1,011	100.00	46,669	140,733	3,185
Unlisted	SSLM	2012.04	Management	52,296	4,378	19.99	0	0	0	0	4,378	19.99	0	191,164	-64,194	

※ Domestic account noted here reflects approved for sales securities



Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats		
					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Domestic*	Unlisted	Samsung Display	2012.04	Business	16,009,547	221,969	84.78	18,509,307	0	0	0	221,969	84.78	18,509,307	35,754,894	2,400,779
	Unlisted	SVIC #6	2005.07	Business	26,800	1	99.00	2,277	0	0	0	1	99.00	2,277	37,284	-10,041
	Unlisted	SVIC #14	2009.05	Business	18,000	0	99.00	0	0	0	0	0	99.00	0	55,465	-1,882
	Unlisted	SVIC #21	2011.11	Business	19,800	0	99.00	81,180	1	69,454	0	0	99.00	150,634	61,384	-11,804
	Unlisted	SVIC #22	2011.11	Business	19,800	0	99.00	102,633	1	53,163	0	0	99.00	155,796	93,554	-4,497
	Unlisted	SVIC #26	2014.11	Business	19,800	0	0.00	0	0	19,800	0	0	99.00	19,800	0	0
	Unlisted	SVIC #27	2014.09	Business	5,940	0	0.00	0	0	5,940	0	0	99.00	5,940	0	0
	Unlisted	World Cyber Games	2003.12	Business	1	450	47.60	0	-450	0	0	0	0.00	0	2,234	486
	Unlisted	Suwon Samsung Bluewings FC	2008.12	Business	2,000	400	100.00	2,000	-400	-2,000	0	0	0.00	0	4,115	-26
	Unlisted	Samsung Medison	2011.02	Business	286,384	87,350	68.45	477,648	0	0	0	87,350	68.45	477,648	309,321	28,856
	Unlisted	Samsung BioLogics	2011.04	Management	30,000	5,058	42.55	244,665	4,240	167,400	0	9,298	45.65	412,065	653,426	-140,762
	Unlisted	Intellectual Discovery	2011.05	Management	5,000	1,784	15.71	5,241	0	0	0	1,784	15.71	5,241	48,125	12,619
	Listed	Samsung Heavy Industries	1977.09	Management	125	40,676	17.61	1,547,708	0	0	-736,229	40,676	17.61	811,479	17,427,147	632,205
	Listed	Samsung Fine Chemicals	1995.05	Management	1,346	2,165	8.39	96,449	0	0	-25,654	2,165	8.39	70,795	1,900,118	3,340
	Listed	Hotel Shilla	1979.12	Management	252	2,005	5.11	133,314	0	0	49,917	2,005	5.11	183,231	1,712,071	10,810
Listed	Cheil Worldwide	1988.09	Management	185	2,999	2.61	82,465	11,500	221,021	-54,108	14,499	12.60	249,378	1,704,531	102,269	
Listed	A-Tech Solution	2009.11	Management	26,348	1,592	15.92	9,568	0	0	-1,990	1,592	15.92	7,578	181,148	-1,340	

※ Domestic account noted here reflects approved for sales securities

Account	Name of Company	Acquisition Date	Objective	Acquisition Cost	Beginning Balance			Increase/Decrease			Ending Balance			Current Financial Stats		
					Qty	Ownership (%)	Book Value	Acquisition/ Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Domestic*	Listed	iMarket Korea	2000.12	Management	1,900	647	1.80	16,668	0	0	1,716	647	1.80	18,384	791,733	38,557
	Listed	KT Skylife	2001.12	Management	3,344	240	0.50	7,092	0	0	-2,688	240	0.50	4,404	684,444	72,724
	Listed	Samsung SDI	1977.01	Management	304	9,283	20.38	874,079	4,180	1,306,874	-619,283	13,463	19.58	1,561,670	10,555,671	147,916
	Listed	Cheil Industries	2014.06	Management	312,380	0	0.00	0	0	0	0	0	0.00	0	4,987,794	255,032
	Unlisted	Samsung Petrochemical	1978.01	Management	100	514	12.96	80,347	-514	-80,347	0	0	0.00	0	883,798	-42,180
	Unlisted	Samsung General Chemicals	1988.07	Management	1,500	1,914	3.91	80,653	1,103	48,257	-28,859	3,017	5.29	100,051	1,597,400	205,314
	Unlisted	Kihyup Technology Banking	1995.01	Management	5,000	1,000	17.24	5,000	0	0	0	1,000	17.24	5,000	85,615	691
	Unlisted	Pusan Newport	1997.09	Management	590	1,135	0.98	5,677	0	0	0	1,135	0.98	5,677	682,137	35,726
	Unlisted	The Korea Economic Daily	1987.05	Management	150	72	0.39	365	0	0	0	72	0.39	365	221,876	12,938
	Unlisted	Brooks Automation Asia	1999.06	Management	1,097	219	19.00	368	-219	-368	0	0	0.00	0	4,279	294
	Unlisted	Samsung Venture Investment	1999.11	Management	4,900	980	16.33	7,021	0	0	-435	980	16.33	6,586	64,049	2,575
	Unlisted	Cyber Bank	2000.12	Management	8,000	1,083	7.46	0	0	0	0	1,083	7.46	0	0	0
	Unlisted	FineChips	2001.12	Management	10	2	3.81	10	0	0	0	2	3.81	10	3,231	361
	Unlisted	SK Telink	2010.11	Management	4,357	15	1.13	4,357	0	0	0	15	1.13	4,357	253,332	16,093
	Unlisted	Inkel	2006.11	Management	130	0	0.00	0	0	0	0	0	0.00	0	153,629	974
Unlisted	Yongpyong Resort	2007.05	Management	1,869	400	1.05	1,869	0	0	0	400	1.05	1,869	734,627	12,019	

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								Qty	Amount							
Domestic*	Unlisted	E-SCOM	2007.12	Management	0	0	0.01	0	0	0	0	0	0.01	0	14,329	-7,482
	Unlisted	TGSambo	2012.09	Management	0	0	0.01	0	0	0	0	0	0.01	0	37,940	1,467
	Unlisted	Icube #1	2009.12	Management	4,000	0	16.23	4,000	0	0	0	0	16.23	4,000	24,399	97
	Unlisted	KT Wibro	2010.07	Management	60,000	600	24.20	60,000	0	0	0	600	24.20	60,000	262,713	3,169
	Unlisted	Shinsung Eng & Construction	2010.07	Management	1	1	0.01	0	-1	0	0	0	0.01	0	61,878	3,281
	Unlisted	Woobang	2010.07	Management	0	1	0	0	0	0	0	1	0	0	171,444	1,109
	Unlisted	Heehoon Design & Global	2010.07	Management	0	2	0.02	0	0	0	0	2	0.02	0	42,516	-8,168
	Unlisted	Daewoo Development	2012.12	Management	0	0	0.02	0	0	0	0	0	0.02	0	153,402	-51,563
	Unlisted	Daewoo Songdo Development	2012.12	Management	0	9	0.02	0	0	0	0	9	0.02	0	1,217,768	-267,694
	Unlisted	Zyle Motor Sales	2012.12	Management	0	1	0	0	0	0	0	1	0	0	318,071	-369
	Unlisted	Woojung Construction	2014.04	Withdrawal	0	0	0	0	5	0	0	5	0.35	0	23,920	-6,902
	Unlisted	Hyunjin	2014.04	Withdrawal	0	0	0	0	23	0	0	23	0.25	0	47,994	1,579
	Unlisted	Sungwon Construction	2014.04	Withdrawal	0	0	0	0	1	0	0	1	0.03	0	35,318	-18,343
	Unlisted	Inhee	2014.04	Withdrawal	0	0	0	0	2	0	0	2	0.17	0	15,780	-942
	Unlisted	Samsung Solution	2014.04	Withdrawal	0	0	0	0	4	0	0	4	6.70	0	11,713	173
	Unlisted	STX Construction	2014.04	Withdrawal	0	0	0	0	1	0	0	1	0.01	0	247,859	-443,500
Unlisted	Poonglim	2014.05	Withdrawal	0	0	0	0	52	0	0	52	0.37	0	512,015	72,350	
Unlisted	SamGong Development	2014.10	debt-equity swap	0	0	0	0	0	0	0	0	0.09	0	181,532	628	

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					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Dome stic*	Unlisted	JNT	2011.02	Investment	1,800	0	24.00	3,360	0	0	0	0	24.00	3,360	13,647	-310
	Unlisted	SV	2011.02	Investment	1,850	0	14.80	3,403	0	0	0	0	14.85	3,403	19,873	-1,730
	Unlisted	Seoul Investment Partners	2011.10	Investment	1,550	0	19.40	3,047	0	-175	0	0	19.38	2,872	15,778	1,257
	Unlisted	Daishin Aju IB	2011.08	Investment	258	0	3.00	2,277	0	-380	0	0	3.00	1,898	68,934	2,235
	Unlisted	TS	2011.11	Investment	1,700	0	20.48	3,400	0	-718	0	0	20.32	2,682	17,032	745
	Unlisted	IMM	2011.11	Investment	760	0	7.60	2,489	0	805	0	0	7.60	3,294	34,792	1,512
	Unlisted	L&S	2012.07	Investment	848	0	8.10	1,687	0	1,161	0	0	7.46	2,848	23,610	1,871
	Unlisted	Taewon Electric	2012.04	Management	16,544	9	15.00	17,072	36	0	22	45	15.00	17,094	82,347	5,386
	Unlisted	Pantech	2013.06	Business	53,000	53,000	10.03	53,053	0	0	-53,053	53,000	10.03	0	714,097	-619,909
	Unlisted	KTCNP-GC	2013.12	Business	960	0	3.00	960	0	-42	0	0	3.56	918	25,578	-1,591
	Listed	Wonik IPS	2013.12	Business	31,625	3,610	4.48	30,975	0	0	19,386	3,610	4.48	50,361	590,142	37,354
	Unlisted	Postech Technology Investment	2013.12	Business	600	0	10.00	600	0	0	0	0	10.00	600	118,613	3,514
	Unlisted	High Pioneer Private Investment Trust #1	2011.09	Business	29,244	0	100.00	19,470	0	0	0	0	100.00	19,470	19,189	-303

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					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Int'l*	Unlisted	SECA	1992.08	Position Security	3,823	0	100.00	90,922	0	0	0	0	100.00	90,922	522,775	48,920
	Unlisted	SEA	1978.07	Position Security	59,362	492	100.00	4,861,334	0	166,546	0	492	100.00	5,027,880	11,316,048	56,864
	Unlisted	SELA	1989.04	Position Security	319	40	100.00	86,962	0	0	0	40	100.00	86,962	375,274	-26,800
	Unlisted	SEM	1995.07	Position Security	3,032	3,173	63.58	111,697	664	53,941	0	3,837	63.58	165,638	1,554,638	10,689
	Unlisted	SEASA	1996.06	Position Security	4,696	21,854	98.00	6,779	0	0	0	21,854	98.00	6,779	49,454	6,353
	Unlisted	SEDA	1994.01	Position Security	13,224	62,816,336	87.04	577,483	0	0	0	62,816,336	87.04	577,483	3,429,136	914,548
	Unlisted	SECH	2002.12	Position Security	597	0	4.10	597	0	0	0	0	4.10	597	492,709	28,128
	Unlisted	Nvelo, Inc.	2012.12	Position Security	42,892	100	100.00	42,892	0	0	0	100	100.00	42,892	1,519	246
	Unlisted	CMLA LLC	2008.02	Management	654	0	25.00	4,115	0	0	0	0	25.00	4,115	10,084	-728
	Unlisted	SESA	1989.01	Position Security	3,276	8,021	100.00	142,091	0	0	0	8,021	100.00	142,091	783,438	57,386
	Unlisted	SENA	1992.03	Position Security	392	1,000	100.00	69,372	0	0	0	1,000	100.00	69,372	533,252	39,394
	Unlisted	SEH	1991.05	Position Security	1,954	753	100.00	650,157	0	0	0	753	100.00	650,157	1,249,691	103,658
	Unlisted	SEP	1982.09	Position Security	204	1,751	100.00	37,616	0	0	0	1,751	100.00	37,616	132,631	8,139
	Unlisted	SEF	1991.08	Position Security	230	2,700	100.00	234,115	0	0	0	2,700	100.00	234,115	1,157,900	127,155
	Unlisted	SEUK	1995.07	Position Security	33,908	109,546	100.00	433,202	0	0	0	109,546	100.00	433,202	1,393,507	92,969
Unlisted	SEHG	1982.02	Position Security	28,042	0	100.00	354,846	0	0	0	0	100.00	354,846	886,338	122,818	

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								Qty	Amount							
Int'l*	Unlisted	SEAG	2002.01	Position Security	40	0	100.00	32,162	0	0	0	0	100.00	32,162	323,756	17,845
	Unlisted	SEI	1993.05	Position Security	862	677	100.00	143,181	0	0	0	677	100.00	143,181	1,004,423	70,337
	Unlisted	SEBN	1995.07	Position Security	236	500,285	100.00	860,716	30,304	43,592	0	530,589	100.00	904,308	1,290,124	25,233
	Unlisted	SELS	1991.05	Position Security	18,314	1,306	100.00	24,288	0	0	0	1,306	100.00	24,288	1,903,892	7,613
	Unlisted	SEPOL	1996.04	Position Security	5,462	106	100.00	78,267	0	0	0	106	100.00	78,267	557,370	41,945
	Unlisted	SSA	1998.12	Position Security	263	2,000	100.00	32,622	0	0	0	2,000	100.00	32,622	787,562	87,809
	Unlisted	SESK	2002.06	Position Security	8,976	0	55.68	263,767	0	0	0	0	55.68	263,767	1,764,078	140,825
	Unlisted	SEEH	2008.01	Position Security	4,214	0	100.00	1,304,648	0	65,344	0	0	100.00	1,369,992	5,780,302	-28,769
	Unlisted	SEO	1997.01	Position Security	120	0	100.00	-10,043	0	0	0	0	100.00	-10,043	173,644	-352
	Unlisted	SRSC	1997.11	Position Security	707	0	100.00	8,211	0	0	0	0	100.00	8,211	41,567	3,546
	Unlisted	SERC	2006.01	Position Security	24,877	0	100.00	180,079	0	0	0	0	100.00	180,079	1,410,054	-11,137
	Unlisted	SERK	2007.07	Position Security	4,600	0	100.00	204,555	0	0	0	0	100.00	204,555	1,122,495	69,837
	Unlisted	SEAU	1987.11	Position Security	392	53,200	100.00	111,964	0	0	0	53,200	100.00	111,964	578,624	31,998
	Unlisted	SEMA	1989.09	Position Security	4,378	16,247	100.00	153,602	0	0	0	16,247	100.00	153,602	277,354	33,000
	Unlisted	SGE	1995.05	Position Security	827	0	100.00	32,836	0	0	0	0	100.00	32,836	1,071,694	-13,157
Unlisted	SEEG	2012.07	Position Security	23	0	0.05	39	0	0	0	0	0.05	39	251,866	-11,788	

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					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Int'l*	Unlisted	SEIN	1991.08	Position Security	7,463	46	99.99	118,909	0	0	0	46	99.99	118,909	647,199	141,290
	Unlisted	SDMA	1995.03	Position Security	21,876	71,400	75.00	244,382	0	0	0	71,400	75.00	244,382	814,820	70,830
	Unlisted	SIEL	1995.08	Position Security	5,414	216,787	100.00	75,263	0	0	0	216,787	100.00	75,263	1,924,832	324,171
	Unlisted	SRI-B	2005.05	Position Security	7,358	17	100.00	31,787	0	0	0	17	100.00	31,787	147,900	20,316
	Unlisted	SAVINA	1995.01	Position Security	5,839	0	100.00	28,365	0	0	0	0	100.00	28,365	175,780	18,173
	Unlisted	TSE	1988.01	Position Security	1,390	11,020	91.83	279,163	0	0	0	11,020	91.83	279,163	1,476,296	222,389
	Unlisted	STE	1996.01	Position Security	4,206	2,499	49.00	4,474	0	0	0	2,499	49.00	4,474	23,979	-7
	Unlisted	SME	2003.05	Position Security	4,796	17,100	100.00	7,644	0	0	0	17,100	100.00	7,644	814,104	36,427
	Unlisted	SAPL	2006.07	Position Security	793	741,378	100.00	870,623	0	0	0	741,378	100.00	870,623	2,425,585	674,510
	Unlisted	SEHK	1988.09	Position Security	349	274,250	100.00	79,033	0	0	0	274,250	100.00	79,033	1,188,620	37,977
	Unlisted	SET	1994.11	Position Security	456	27,270	100.00	112,949	0	0	0	27,270	100.00	112,949	1,390,404	30,802
	Unlisted	SESS	1994.12	Position Security	18,875	0	100.00	483,923	0	20,390	0	0	100.00	504,313	660,374	64,362
	Unlisted	SCIC	1996.03	Position Security	23,253	0	100.00	617,941	0	0	0	0	100.00	617,941	8,406,438	743,369
	Unlisted	SEHZ	1992.12	Position Security	792	0	89.56	255,535	0	0	0	0	89.56	255,535	4,599,200	1,012,728
	Unlisted	SSEC	1995.04	Position Security	32,128	0	69.06	130,551	0	0	0	0	69.06	130,551	645,699	67,668
Unlisted	TSEC	1993.04	Position Security	15,064	0	48.20	138,101	0	0	0	0	48.20	138,101	907,752	155,258	

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					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Int'l*	Unlisted	SSDP	1993.08	Position Security	4,446	0	87.10	65,319	0	0	0	0	87.10	65,319	761,018	94,541
	Unlisted	TSTC	2001.03	Position Security	10,813	0	90.00	490,041	0	0	0	0	90.00	490,041	2,939,027	767,822
	Unlisted	SSTC	2001.11	Position Security	15,799	0	100.00	-1,186	0	0	0	0	100.00	-1,186	1,411	-4,958
	Unlisted	SSET	2002.02	Position Security	6,009	0	60.00	121,624	0	0	0	0	95.00	121,624	88,698	7,122
	Unlisted	SESC	2002.09	Position Security	5,471	0	73.70	34,028	0	0	0	0	73.70	34,028	846,670	58,194
	Unlisted	SSS	2001.01	Position Security	1,200	0	100.00	19,189	0	0	0	0	100.00	19,189	1,310,109	130,082
	Unlisted	SEHF	2004.04	Position Security	17,204	0	100.00	85,088	0	0	-31,219	0	100.00	53,869	111,367	-7,855
	Unlisted	SSCR	2006.09	Position Security	3,405	0	100.00	9,332	0	0	0	0	100.00	9,332	18,982	1,874
	Unlisted	TSOE	2010.04	Position Security	33,837	167,199	82.00	93,154	0	0	0	167,199	82.00	93,154	241,957	34,236
	Unlisted	TSLED	2012.04	Position Security	119,519	0	100.00	119,519	0	0	0	0	100.00	119,519	457,896	15,570
	Unlisted	SCS	2012.09	Position Security	111,770	0	100.00	2,538,826	0	173,270	0	0	100.00	2,712,096	3,752,682	-40,537
	Unlisted	SJC	1975.12	Position Security	273	1,560	100.00	370,647	0	0	0	1,560	100.00	370,647	1,174,832	2,866
	Unlisted	SRJ	1992.08	Position Security	3,120	122	100.00	117,257	0	0	0	122	100.00	117,257	181,723	4,905
	Unlisted	TSST Japan	2004.03	Management	1,639	0	49.03	11,137	30	40,260	-51,397	30	49.03	0	169,322	-41,875
	Unlisted	SDIB	1996.09	Management	3,110	586	0.08	0	0	0	0	586	0.08	0	49,372	10,088
Unlisted	Semiconductor Portal	2002.12	Management	38	0	1.21	10	0	0	0	0	1.21	10	1,724	2,141	

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					Qty	Ownership (%)	Book Value	Acquisition/Disposal		Valuation	Qty	Ownership (%)	Book Value	Total Asset	Net Income (Loss)	
								Qty	Amount							
Int'l*	Unlisted	FTS	2008.12	Management	1,952	116	41.50	563	0	0	0	116	41.50	563	2,710	406
	Unlisted	Nanosys Inc.	2010.08	Management	4,774	1,747	1.67	2,387	0	0	0	1,747	1.67	2,387	22,159	857
	Unlisted	ONE BLUE LLC	2011.07	Management	1,766	0	16.67	1,766	0	0	0	0	16.67	1,766	33,803	875
	Unlisted	TidalScale	2013.08	Management	1,112	2,882	18.98	1,112	0	0	0	2,882	18.98	1,112	1,214	-1,948
	Listed	SSL	2014.05	Business	37,553	0	0.00	0	2,426	37,553	11,958	2,426	5.84	49,511	-	-
	Unlisted	Mantis Vision	2014.01	Business	1,594	0	0.00	0	301	1,594	0	301	3.53	1,594	3,236	-4,186
	Unlisted	INEDA	2014.04	Business	3,181	0	0.00	0	3,918	3,181	0	3,918	5.55	3,181	9,878	2,955
	Unlisted	Leman	2014.08	Business	1,019	0	0.00	0	17	1,019	0	17	3.91	1,019	1,630	-1,495
	Unlisted	Alces	2014.09	Business	4,832	0	0.00	0	421	4,832	0	421	19.95	4,832	799	-738
	Listed	Rambus	2010.01	Business	185,363	4,788	4.34	47,851	0	0	10,517	4,788	4.19	58,368	752,829	-36,931
	Listed	SEAGATE	2011.12	Business	788,454	12,539	3.80	743,161	0	0	173,436	12,539	3.80	916,597	9,754,138	2,011,378
Total					18,975,679			45,261,470	54,211	2,387,172	-1,337,965			46,310,677		

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\* Based on separate financial statements

\* Ownership is calculated based on common share

## X. Related Party Transactions

### 1. Credit Offerings for Affiliates and Subsidiaries

#### A. Details on Debt Guarantee (as at December 31, 2014)

- Domestic: N/A
- Overseas:

(Unit: USD thousand)

Company	Relationship	Creditor	Guarantee Expiry Date	Transactions				Limit of Guarantee
				Beginning of period	Increase	Decrease	End of period	
SEA	Subsidiary	SMBC, etc.	2017-04-10	2,840,000	0	1,840,000	1,000,000	2,425,000
SECA	Subsidiary	Nova Scotia	2015-10-10	0	0	0	0	15,000
SEM	Subsidiary	Santander, etc.	2015-12-16	314,620	33,660	0	348,280	676,000
SAMCOL	Subsidiary	Citibank, etc.	2015-12-16	34,050	33,483	0	67,533	126,000
SEDA	Subsidiary	HSBC, etc.	2015-12-17	257,366	0	257,366	0	909,000
SECH	Subsidiary	Citibank, etc.	2015-12-16	49,400	4,932	0	54,332	178,000
SEPR	Subsidiary	BBVA, etc.	2015-12-16	63,688	0	970	62,718	180,000
SELA	Subsidiary	Citibank	2015-12-16	0	0	0	0	30,000
SEEH	Subsidiary	HSBC, etc.	2015-12-16	0	0	0	0	897,000
SSA	Subsidiary	Citibank, etc.	2015-12-16	64,729	96,366	0	161,095	335,000
SEMRC	Subsidiary	SocGen, etc.	2015-12-16	22,157	0	16,333	5,824	110,000
SETK	Subsidiary	BTMU, etc.	2015-12-16	150,784	0	64,907	85,877	420,000
SERK	Subsidiary	BNP, etc.	2015-12-16	0	0	0	0	370,000
SEI	Subsidiary	Intesa	2014-10-31	550	0	550	0	0
SECE	Subsidiary	Citibank, etc.	2015-12-16	10,400	0	10,400	0	105,000
SEUC	Subsidiary	Credit Agricole, etc.	2015-12-16	16,920	0	16,920	0	175,000
SELV	Subsidiary	Citibank	2015-12-16	0	0	0	0	10,000
SAPL	Subsidiary	BOA, etc.	2015-12-16	0	0	0	0	505,621
SEV	Subsidiary	SCB	2015-11-08	0	0	0	0	15,000
SAVINA	Subsidiary	SCB, etc.	2015-11-08	0	0	0	0	30,000
SEEG	Subsidiary	HSBC	2015-06-13	3,000	0	3,000	0	50,000
SEPCO	Subsidiary	BOA	2015-11-08	54,225	0	44,846	9,379	9,379
SET	Subsidiary	SCB	2015-11-08	0	0	0	0	30,000
SEIN	Subsidiary	BNP, etc.	2015-11-08	16,400	0	16,400	0	140,000
SCIC	Subsidiary	HSBC, etc.	2015-12-16	0	0	0	0	200,000
SJC	Subsidiary	Mizuho Bank, etc.	2015-12-16	285,600	0	73,718	211,882	891,397
SRJ	Subsidiary	SMBC	2016-02-28	26,085	0	5,157	20,928	20,928
SEDAM	Subsidiary	Citibank, etc.	2015-12-16	54,315	62,412	0	116,727	441,000
SME	Subsidiary	SCB	2015-11-08	0	0	0	0	120,000
SAMEX	Subsidiary	Citibank	2015-12-16	0	0	0	0	5,000
SEASA	Subsidiary	Citibank	2015-12-16	0	0	0	0	1,000
SSAP	Subsidiary	SCB	2015-11-08	0	7,779	0	7,779	20,000
		Total		4,264,289	238,632	2,350,567	2,152,354	9,440,325

Other than the guarantee obligations presented above, the Company provides payment guarantees of KRW 18,360 million (HUF 4.32 billion) to SEH (Samsung Electronics Hungarian) in Hungary to guarantee fulfillment of an investment incentive contract with the Hungarian government.

The Company requires BOD approval for individual guarantees exceeding 2.5% of total equity. When the guarantee amount is between 0.1% and/or less than 2.5%, the approval decision is delegated to the Management Committee.

## B. Purchase and Sales of Securities

(Unit: KRW million)

Company	Relationship	Changes					Balance	Note
		Securities Type	Purchase	Sale	Total	Profit & Loss		
Samsung Asset Management	Affiliate	Beneficiary certificate	1,450,000	1,700,000	3,150,000	24,131	1,016,878	Asset management
Total			1,450,000	1,700,000	3,150,000	24,131	1,016,878	

※ Profit and loss of securities is based on gain from disposition.

## 2. Acquisitions and disposals of Assets with Affiliates and Subsidiaries

During 2014, the Company disposed assets to affiliates including SCS (Samsung China Semiconductor Co., Ltd.) for the purpose of increasing production capacity.

In addition, the Company acquired assets including facility equipment from affiliates to improve efficiency of domestic production.

(Unit: KRW million)

Company	Relationship	Purpose	Transaction Date	Date based on	Asset	Amount
Samsung SDI	Affiliate	Asset sale/purchase	2014.12.18	Date of sale/purchase	Stock, etc.	670,081
Cheil Industries	Affiliate	Asset purchase	2014.12.31	Date of purchase	Stock, etc.	374,046
Cheil Worldwide	Affiliate	Asset sale/purchase	2014.12.01	Date of sale/purchase	Stock, etc.	223,115
Samsung Card	Affiliate	Asset purchase	2014.10.23	Date of purchase	Stock, etc.	170,739
SAS	Subsidiary	Asset sale/purchase	2014.11.23	Date of sale/purchase	Machinery, etc.	93,909
SCS	Subsidiary	Asset sale	2014.12.30	Date of sale	Machinery, etc.	82,794
Samsung Techwin	Affiliate	Asset purchase	2014.12.31	Date of purchase	Building, etc.	51,650
Samsung Biologics	Affiliate	Asset sale	2014.06.05	Date of sale	Intellectual property right, etc.	10,433
SESS	Subsidiary	Asset sale/purchase	2014.12.22	Date of sale/purchase	Machinery, etc.	10,352
SEV	Subsidiary	Asset sale/purchase	2014.11.01	Date of sale/purchase	Machinery, etc.	4,565
SEIN	Subsidiary	Asset sale	2014.12.11	Date of sale	Machinery, etc.	3,189
SEVT	Subsidiary	Asset sale	2014.09.30	Date of sale	Machinery, etc.	3,086
SII	Subsidiary	Asset sale/purchase	2014.06.09	Date of sale/purchase	Machinery, etc.	2,593
SRA	Subsidiary	Asset purchase	2014.12.04	Date of purchase	Intellectual property right, etc.	2,540
Samsung Display	Affiliate	Asset purchase	2014.11.28	Date of purchase	Machinery, etc.	1,463
TSE	Subsidiary	Asset sale/purchase	2014.11.24	Date of sale/purchase	Machinery, etc.	1,398
SEHZ	Subsidiary	Asset purchase	2014.11.07	Date of purchase	Machinery, etc.	1,361
SESC	Subsidiary	Asset purchase	2014.04.18	Date of purchase	Machinery, etc.	950
SRC-Guangzhou	Subsidiary	Asset sale	2014.02.17	Date of sale	Machinery, etc.	879
TSTC	Subsidiary	Asset purchase	2014.11.24	Date of purchase	Machinery, etc.	865
SEMES	Affiliates	Asset purchase	2014.05.30	Date of purchase	Machinery, etc.	808
TSST Korea	Subsidiary	Asset sale	2014.09.30	Date of sale	Intellectual property right, etc.	647
SSEC-E	Subsidiary	Asset sale	2014.02.01	Date of sale	Machinery, etc.	524
SSI	Subsidiary	Asset purchase	2014.12.05	Date of purchase	Machinery, etc.	407
SSAP	Subsidiary	Asset sale	2014.12.30	Date of sale	Machinery, etc.	197
SSEC	Subsidiary	Asset sale	2014.03.21	Date of sale	Machinery, etc.	190
TSOE	Subsidiary	Asset sale/purchase	2014.07.25	Date of sale/purchase	Machinery, etc.	124
SEMCO	Affiliate	Asset sale	2014.06.23	Date of sale	Machinery, etc.	110

※ Transaction date: most recent transaction

※ The former Cheil Industries merged with Samsung SDI in July 2014, and Samsung Everland name has been renamed as Cheil Industries

### 3. Business Transactions with Affiliates and Subsidiaries

During 2014, the Company had business transactions with affiliates STA (Samsung Telecommunications America LLC.) and SEV (Samsung Electronics Vietnam Co., Ltd.).

(Unit: KRW million)

Company	Relationship	Type of Transaction	Date	Details	Amount
STA	Subsidiary	Sales/Purchases	2014.01 - 2014.12	Sales of HHP and Network Equipment, etc.	18,229,215
SEV	Subsidiary	Sales/Purchases	2014.01 - 2014.12	Purchase of HHP and Home Appliance, etc.	14,418,124
SSI	Subsidiary	Sales/Purchases	2014.01 - 2014.12	Purchase/sales of semiconductor, etc.	13,668,329
SEHZ	Subsidiary	Sales/Purchases	2014.01 - 2014.12	Purchase/sales of HHP and CTV, etc.	13,258,945
SEA	Subsidiary	Sales/Purchases	2014.01 - 2014.12	Purchase/sales of HHP and Home Appliance, etc.	12,633,227
SII	Subsidiary	Sales/Purchases	2014.01 - 2014.12	Purchase/sales of CTV, etc.	7,555,735

### 4. Transactions with Stakeholders other than Affiliates and Subsidiaries

As at December 31, 2014, the Company's outstanding loan amount is KRW 116 billion related to support for supplier companies for product competitiveness and mutual development as well as home loan and educational expenses for employee welfare. In addition, the Company provides debt guarantees up to KRW 13.1 billion for employees' loans from financial institutions relating to housing rental.

(Unit: KRW million)

Company	Relationship	Loans				
		Account title	Transaction			End of period (December 31, 2014)
			Beginning of period (January 1, 2014)	Increase	Decrease	
Jangwon Tech, etc	Partner company	Short-term loans	30,977	7,114	3,770	34,321
Dooil I&D, etc	Partner company and employee	Long-term loans	77,303	41,634	37,404	81,534
Total			108,280	48,749	41,173	115,855

※ The amount shown above reflects present value of discounted debts before accounting for bad debts.

## XI. Other Information

### 1. Public Disclosure

#### (A) Progress on major disclosed information related to management

Report date	Title	Report	Progress
Feb 7, 2011	Appeal of Court's Ruling on Samsung Motors Case	Related to the agreement regarding court receivership of Samsung Motors between 28 Samsung affiliates (including Samsung Electronics) and creditors of Samsung Motors in September 1999, the Samsung affiliates (including Samsung Electronics) appealed the Seoul High Court's ruling of January 11, 2011, against the case filed by the defendants (Creditors filed the case in December 2005).	Case closed by the Supreme Court decision on January 29, 2015
Mar 4, 2011	Filing of a lawsuit	Related to the agreement regarding court receivership of Samsung Motors between 28 Samsung affiliates (including Samsung Electronics) and creditors of Samsung Motors in September 1999, creditors appealed the Court's ruling of January 11, 2011 regarding the dispute case filed by the creditors in December 2005.	

### 2. Summary of Results of Shareholder Meetings

Date	Agenda	Results
FY2015 annual general meeting of shareholders ('15.3.13)	1. Approval of Balance Sheet, Income Statement, and Statement of Appropriation of Retained Earnings (Draft), etc. for FY2014	Approved
	2. Appointment of Directors 2.1: Appointment of Independent Directors 2.1.1: Han-Joong Kim 2.1.2: Byeong-Gi Lee	Approved
	2.2: Appointment of Executive Director (Oh-Hyun Kwon) 2.3: Appointment of Member of Audit Committee (Han-Joong Kim)	Approved
	3. Approval of the limit on the remuneration for Directors	Approved
FY2014 annual general meeting of shareholders ('14.3.14)	1. Approval of Balance Sheet, Income Statement, and Statement of Appropriation of Retained Earnings (Draft), etc. for FY2013	Approved
	2. Approval of the limit on the remuneration for Directors	Approved
FY2013 annual general meeting of shareholders ('13.3.15)	1. Approval of Balance Sheet, Income Statement, and Statement of Appropriation of Retained Earnings (Draft), etc. for FY2012	Approved
	2. Appointment of Directors 2.1 : Appointment of Independent Directors 2.1.1: In-Ho Lee 2.1.2: Kwang-Soo Song 2.1.3: Eun-Mee Kim	Approved
	2.2: Appointment of Executive Directors 2.2.1: Boo-Keun Yoon 2.2.2: Jong-Kyun Shin 2.2.3: Sang-Hoon Lee	
	2-3: Appointment of Members of Audit Committee 2.3.1: In-Ho Lee 2.3.2: Kwang-Soo Song	
	3. Approval of the limit on the remuneration for Directors	Approved

### **3. *Litigation***

The litigation with Apple Inc. (“Apple”) is ongoing in the United States as of the Reporting Date. Regarding the ongoing lawsuit in the United States, on August 24, 2012, the jury determined that the Company partially infringed Apple’s design and utility patent and should pay damages to Apple. On March 1, 2013, however, the Judge ordered a new trial for a certain portion of the damages, ruling that it was originally miscalculated. On March 6, 2014, the Judge denied Apple’s bid for a permanent injunction against the Company and made a final judgment restating the total damages amount determined by a jury verdict on November 21, 2013. The Company appealed the decision on the damages amount on March 7, 2014, and a hearing on the appeal was held on December 4, 2014.

Additionally, on May 5, 2014, the jury in another ongoing lawsuit determined that the Company partially infringed Apple’s utility patent and should pay damages to Apple. On November 25, 2014, first trial judgment was pronounced to confirm the jury’s verdict. The Company appealed the decision on the damages and the appeal is currently on-going. The final conclusion and the effect of the patent lawsuits with Apple are uncertain as of the reporting date.

In August 2014, the Company and Apple reached an agreement to withdraw from ongoing litigation in all regions other than the United States, and the Company is currently in the process of withdrawing all non-United States based lawsuits.

As at the time of this disclosure, there are multiple on-going lawsuits and civil damage claims by some overseas purchasers of TFT-LCD panels, as well as investigations by regulatory authorities, in connection with the price fixing of LCD panels. These lawsuits, claims and investigations were initiated prior to the spin-off of LCD business. The timing of payments related to these matters is currently uncertain but our management believes that the ultimate resolution of such lawsuits, claims, and investigations would not materially affect the financial condition of the Company.

In addition, during the normal course of business with numerous companies, the Company has been involved in various claims, disputes, and investigations conducted by regulatory authorities. Although the outflow of resources and timing of these matters are uncertain, the Company believes the outcome will not have a material impact on the financial condition of the Company.

### **4. *Guarantees***

See 『Commitments and Contingencies』 notes in the 『Separate and Consolidated Financial Statements』

## ***5. Sanctions and Others***

The Company paid a fine of KRW 1.602 billion on August 7, 2012, pursuant to a corrective order resulting from the violation of Article 8 (Prohibition of Unreasonable Cancellation of Entrustment) of the Fair Transactions in Subcontracting Act. On March 21, 2012, the Company paid a fine of KRW 12.907 billion pursuant to a corrective order issued by the Fair Trade Commission resulting from the violation of Article 19 (Prohibition of Unfair Collaborative Acts) of the Monopoly Regulation and Fair Trade Act relating to sales of washing machines, flat panel TVs, and notebook PCs.

The Company is still engaged in a lawsuit after being issued a corrective order and fine (KRW 14.126 billion) on July 10, 2012 for violating Article 23 (Prohibition of Unfair Trade Practices) of the Monopoly Regulation and Fair Trade Act. In relation to the same lawsuit, the Company and two executives (one incumbent senior vice president at the time and one retired vice president at the time) were ordered to pay a fine (the Company: KRW 300 million, two executives: 50 million each) on March 12, 2012, and the parties have subsequently paid the fine.

The Company was ordered to pay a fine (KRW 26 million) on January 13, 2014 from the Fair Trade Commission for violating Article 4 (Announcement of Critical Information and Integrated Notification) of the Fair Labeling and Advertising Act, and has subsequently paid the fine.

The Company was ordered to pay a fine (KRW 267 million) on March 7, 2013, for violating the Occupational Safety and Health Act in connection with a hydrofluoric acid gas leak that occurred on January 28, 2013, and has subsequently paid the fine. The Company was issued an improvement order and ordered to pay a fine (KRW 2.2 million) on April 1, 2013, for violating the Toxic Chemicals Control Act. The Company reported compliance with the improvement order and subsequently paid the fine. As a result of this incident, three employees and executives of the Company were ordered to pay a fine (KRW 15 million) at the first trial on October 31, 2014. The Company appealed the decision on November 7, 2014.

For the hydrofluoric acid gas leak occurred on May 2, 2013, the Company was ordered to pay a fine (KRW 4.5 million) on February 27, 2014, for violating the Occupational Safety and Health Act and the Toxic Chemicals Control Act, and has subsequently paid the fine.

The Company was ordered and paid a fine of KRW 166.7 million for not reporting the importation of certain chemicals in August 2013, following a joint inspection by the Ministry of Environment and Gyeong-Gi Province.

The Company regularly provides compliance education and training to executives and employees to promote global standards of fair competition, and operates various compliance programs. The Company reinforced internal controls to comply with relevant laws on environmental safety and provides related education for executives and employees.

## ***6. Return of Short-Swing Profits***

The Company has not received any notification of short-swing profits from the Securities & Futures Commission (the Governor of the Financial Supervisory Service) in the past three years and until the date of this report.



## 7. Subsequent Events

On January 1, 2015, Samsung Electronics America (SEA), a subsidiary of the Company, merged with Samsung Telecommunications America (STA), also a subsidiary of the Company. The merger was between two subsidiaries under common control, therefore, the merger was accounted for by transferring the book values on the consolidated financial statements. No additional goodwill was recognized.

Based on an agreement entered into in September 1999 related to Samsung Motor Inc.'s ("SMI") insolvency proceedings, SMI's creditors (the "Creditors") filed a civil action in December 2005 against 28 Samsung Group affiliates, including the Company, seeking to recover KRW 2,450 billion in losses as well as additional penalty amounts. On January 11, 2011, the Seoul High Court ordered Samsung Group affiliates to pay to the Creditors KRW 600 billion as additional penalty plus interest for late payment. The decision was appealed to the Supreme Court of Korea. On January 29, 2015, the Supreme Court ordered the Samsung Group affiliates to pay the Creditors KRW 600 billion as additional penalty plus interest on the additional penalty amount (at a rate of 6% per annum). On January 11, 2011, the Seoul High Court ordered Samsung Group affiliates to pay to the Creditors KRW 600 billion as additional penalty plus interest for late payment. Compared to the January 2011 ruling, the penalty amount remained the same; however, interest rate on the additional penalty increased by 1%, thus the total amount due to Creditors increased by ₩4 billion as a result of the Supreme Court's January 2015 decision.

## 8. Acquisition and Divestments

### A. Acquisitions and divestments

[Samsung LED Merger]

- Type: Merger
  - Purpose: Increase Efficiency and Profitability of LED Business
  - Board Decision Date: 26 December 2011
  - Board Approval Date: 20 February 2012
- (※ The merger was approved at a regularly scheduled meeting of the board of directors in lieu of shareholder approval.)
- Merger Date: April 1, 2012

	Acquiring Company	Predecessor Company
Name	Samsung Electronics Co., Ltd.	Samsung LED Co., Ltd.
Address	416, Maetan-dong, Yeongtong-gu, Suwon-si, Gyeonggi-do, Korea	San 24, Nongseo-dong, Giheung-gu, Yongin-si, Gyeonggi-do, Korea
President	Gee-sung Choi	Nam-sung Cho
Rate of Merger	1	0.0134934

[LCD Business Spin-off]

- Type: Physical division (establishment of Samsung Display Co., Ltd.)
- Purpose: Efficiency of LCD business and profitability
- Approval Date: March 16, 2012 (At the Annual Shareholder Meeting)
- Spin-off Date: April 1, 2012

[Samsung Electronics Hainan Fiber Optics Korea Merger]

- Type: Merger
  - Purpose: Increase Efficiency and Profitability of Camera Module and Touchscreen
  - Board Decision Date: September 13, 2012
  - Board Approval Date: October 26, 2012
- (※ The merger was approved at a regularly scheduled meeting of the board of directors in lieu of shareholder approval.)
- Merger Date: 1 December 2012

	Acquiring Company	Predecessor Company
Name	Samsung Electronics Co., Ltd.	Samsung Electronics Hainan Fiber Optics Korea Co., Ltd.
Address	129, Samsung-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do, Korea	94-1, Imsu-dong, Gumi-si, Gyeongsangbuk-do, Korea
President	Oh-Hyun Kwon	Phil-Young Kim
Merger Ratio	1	0.2056163

※ We acquired Hainan Fiber Optics Korea Corp. without issuance of new shares as the Company already held 100% ownership of the equity.

**B. Post Merger Financial Information**

[Samsung LED]

(Unit: KRW million)

Predecessor Company	Account	Year 2 (2012)			Reason for Difference
		Forecast	Actual	Forecast Vs. Actual Ratio	
Samsung LED	Revenue	2,381,405	1,587,265	33%	IT market and lighting business stagnation
	Operating Profit	258,250	-54,283	121%	
	EBIT	234,507	-76,422	133%	

※ For Year 1 (2011), please refer to the Audited Financial Statement of Samsung LED.

Predecessor Company	Account	Year 1 (2012)			Reason for Difference
		Forecast	Actual	Forecast Vs. Actual Ratio	
SEHF-K	Revenue	1,111,692	1,086,135	2%	Decrease of profitability of Touch Screen Panel Business
	Operating Profit	33,366	5,121	85%	
	EBIT	31,517	1,008	97%	

※ For Year 2 (2013), separate financial results are difficult to determine as the business was incorporated into the IM Division.

## 9. Green Management

The Company is actively securing “Green Technology Certifications” to follow the Low Carbon Green Growth policy of the Korean government.

(Green Technology Certification)

The Company is acquiring Green Technology Certifications in accordance with Clause 2, Article 32 of the Framework Act on Low Carbon Green Growth. Green technology development is a part of our “Planet First” strategy, which strives to conduct business activities in a manner that respect people and nature. Since the certification system was introduced in 2010, the Company has secured 37 valid Green Technology Certifications as of December 31, 2014. In addition, the Company has acquired 22 ‘Green Technology’ product certificates (412 models), for commercialized products. Meanwhile, the Company withdrew the application for its Giheung/Hwasung Campus to be re-certified as a Green Company Campus, and as of April 5, 2013, the Giheung/Hwasung Campus designation as a Green Company Campus was canceled.

Certified Green Technologies as of December 31, 2014 are as follows:

Division	Business	Name of green technology and green projects	No.
CE		Eco Bubble washing technology, etc.	23
IM		Membrane laminated air filter for telecommunication base transceiver stations; Low power consumption cooling, heating, and controlling humidity, etc.	8
DS	Semiconductor (Sub-Division)	3-bit NAND Flash semiconductor design technology, etc.	5
	DP	Transparent LCD Display technology, etc.	1
Total			37

※ The data reported above is with respect to Samsung Electronics Co., Ltd. only.

※ See 『11. Other Information (B. Environmental regulations)』 in 『II. Businesses Overview』 for greenhouse gas emission and energy use.