



SAMSUNG ELECTRONICS Co., Ltd.
Annual Report 2013

Note about forward-looking statements

Certain statements in this proxy statement, 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.

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Letter to Stakeholders



Dear Samsung Electronics Stakeholders,

I wish you and your family a happy and prosperous 2014.

Throughout 2013, our business environment experienced challenges led by continued uncertainty of global fiscal policies coupled with delayed recovery in Europe, and currency volatility and weak consumer sentiment in Korea and other emerging markets.

Despite such challenges, thanks to sacrifice and dedication from our employees to enhance our competitiveness, the company achieved record revenues and profits and maintained the global IT leadership position.

I want to thank you, our shareholders, for your continued trust and support in making this possible, and would like to elaborate on key achievements during the past year.

First, we achieved record-high earnings results by strengthening competitiveness and expanding market leadership in the Mobile, Memory, and OLED businesses.

In 2013, we delivered record sales of KRW 229 trillion, up 14% from the previous year, and both operating profit and net profit increased by 27% and 28%, respectively, year over year to KRW 37 trillion and KRW 30 trillion, respectively.

In the mobile business, both revenue and profits significantly increased from the prior year driven by strong smartphone sales momentum outperforming the market growth and more than double tablet sales in 2013.

In the TV business, despite slowing demand amid a global economic downturn, we delivered industry best profitability and reinforced our market leadership by maintaining our global No.1 position for eight consecutive years since 2006.

Our Memory business earnings improved significantly, amid stable supply and demand, driven by effective cost savings through advanced process technology migration and increased shipments of

differentiated and high value added products such as SSD. For System LSI, we sharpened the future technology leadership such as advanced process technology competitiveness and developed next-gen products initiatives.

Our OLED business posted solid earnings growth, led by competitive advantages based on product differentiation. We achieved commercialization of the world's first curved display while focusing on technology and product competitiveness for future growth.

[Second, we concentrated our efforts on developing key competitive advantages such as technology and brand image, and expanding a foundation for new growth engines.](#)

Amid revolutionary changes recently seen in the IT industry, we have put efforts to enhance our R&D capabilities by increasing R&D personnel and revamping our organization structure. We expanded partnerships with external research institutions by establishing an open innovation system, newly built internal research centers, including SofTech and Big Data Center to strengthen our software capabilities, and also plan to open a material and future technology R&D center going forward.

To expand the base for future growth engines, we are focusing our resources and competencies onto not only existing medical devices, LED, and B2B businesses, but also on Smart Home, mobile health, and other life-care areas, which could improve quality of life. In particular, our efforts are concentrated on education, medical institutions, public sector, and retail for the B2B business. For instance, we are running a pilot program of Smart School Solution in UAE, and Turkey while introducing our new mobile security solution KNOX, which gained positive response from the market. In addition, we released new Smart Home connected with smartphones at CES and it was well received by the media and audience.

With such efforts, we registered 4,676 patents in the US, won nine IDEA awards and 24 CES Innovation Awards, and ranked second in the innovative corporation list made by BCG. As seen in these achievements, our products are widely acknowledged for the best design and innovative corporate image in the world. According to the Interbrand survey, our brand value recorded USD 39.6 billion – a 20% increase compared to the previous year and ranked eighth in the list.

[Third, we continued our efforts to raise the shareholder return.](#)

As part of our efforts to share 2013 earnings results with shareholders, we declared a total dividend of KRW 14,300 per common share and KRW 14,350 per preferred share, which is approximately an 80% increase from the prior year. We believe that the significant year over year increase in dividends demonstrates the management's firm commitment of putting shareholders at the heart of the management.

Despite facing challenges in the global business environment, we held the Samsung Analyst Day to enhance our corporate value and improve communication with investors. Our CEO, CFO, and heads from all businesses gave a presentation in person to around 400 global investors from across the world, and proposed mid-to-longer term vision and business strategies to clearly show our

commitment to the sustainable growth for the future. Thanks to the support from participating investors, the investor event concluded successfully.

Dear Stakeholders,

While the U.S. and Europe are expected to lead the global economic recovery in 2014, some macro uncertainties, such as increased emerging market currency volatility, are expected to continue. Meanwhile, we anticipate that competitions will intensify further in the IT industry, given the trend of value chain extension, emergence of Chinese players in the global market, and weak Yen. However, we will strive to turn these challenges into opportunities. We will do our best to improve our business results, thereby increasing shareholder value.

First, we will increase profitability through enhanced business competitiveness and sound business management while solidifying our leadership in the IT industry.

In our core businesses – handset, TV, memory and other semiconductor products, and OLED – we will solidify our number one position through premium product development and technological differentiation.

In the mobile business, we will expand new product line ups beyond flagship smartphones and lead the LTE market. For tablets, we will create a new large screen product category while reinforcing strategic model line ups.

For the TV business, we will strive to increase sales of premium products with high value including UHD, Curved, and over 60" large-size TVs amid UHD TV market expansion. Especially for Set products, we will improve retail efficiency and synergy through innovative retail systems, including Experience Shop.

In the memory business, we will expand cutting-edge process migration, and increase the mix of high performance high value added products and solutions. Meanwhile, we will also solidify our technological leadership based on mass production of vertical NAND.

For OLED panels, we will expand its application beyond smartphones and achieve mass production of upgraded flexible panels to create a strong foundation for future growth.

In our growth businesses – home appliances, network equipment, system LSI, etc. – we will develop key technologies and expand the customer base for future growth.

We will focus on enhancing global operation capability and reinforcing premium product strategies for home appliances, maximize sales opportunities in the LTE equipment market for network equipment, and enhance product competitiveness and prepare for migration towards next gen 14nm class for system LSI.

In addition, we will improve efficiency of the company-wide resource management including investment and continue efforts to enhance our global SCM capability.

Second, we will reinforce our risk management capability and future competitiveness for sustainable growth.

For a company to continue its growth momentum in the mid to longer term, the key is to have an ability to promptly respond to uncertainties and risks in the business environment. We will take preventive measures and thoroughly manage all the risks related to possible compliance issues. In addition, we will make social contribution to local communities, as well as enhance communication with various stakeholders.

We will establish a differentiated ecosystem to maximize competitive advantages in our extended value chain such as components, set products, services, and solutions. We will also continue to pursue technological innovation to strengthen our leadership.

For Set business, we will continue to innovate and develop new product categories, such as the future mobile communication, UHD, 3D, Real Sound, and Energy Efficiency technologies. Meanwhile, for components, we will focus on future technologies such as the cutting-edge process, packaging, multiprocessing, solutions, and flexible OLED.

At the same time, we will continue our efforts to develop and secure advanced electronic materials that will be the main source of our competitiveness to obtain meaningful results from our future growth engine, such as B2B business.

Third, we are committed to delivering shareholder focused management in 2014.

We are committed to the principle that the Company's strong business performance will ultimately enhance shareholder value. For this year, we will continuously strive to deliver outstanding business performance led by our commitment. Additionally, we will better communicate with our shareholders and other members of the investor community to share our sustainable growth vision through proactive IR activities.

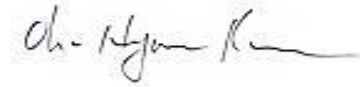
Dear Stakeholders,

For the last 20 years, Samsung has always been committed to the Company's motto of "New Management" to take on challenges resulting from the rapid pace of globalization. As a result, we were able to become a leading company of the global IT industry today.

We will continue to face a number of challenges this year. However, we are determined to renew the commitment that we boldly made 20 years ago to make Samsung Electronics the world's best company.

Again, I wish you and your family the best in 2014.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Oh-Hyun Kwon". The signature is fluid and cursive, with a long horizontal stroke at the end.

Oh-Hyun Kwon
Vice Chairman & CEO
Samsung Electronics Co., Ltd

History of Company

'60	69. 1. 13	Company Established
'70	72. 11. 3	Production of Black-and-White TVs
	74. 3. 2	Refrigerator production begun
	74. 12. 16	Washing Machine production begun
	75. 6. 11	Initial Public Offering
	77. 4. 1	Production of Color TVs
	77. 5. 1	Acquired Samsung Electro-Mechanics
	78. 7. 28	Samsung Electronics America established
	79. 5. 1	VCR development completed
'80	83. 3. 21	Personal Computer production begun
	83. 11. 19	64K DRAM development completed
	84. 2. 28	Company name changed to Samsung Electronics Co., Ltd
	84. 10. 8	256K DRAM development completed
	86. 7. 13	1M DRAM development completed
	86. 10. 8	Development of World's First 4mm VTR, winning "President's Award" at the 1986 Korea Electronics Show
	88. 11. 1	Acquisition of Samsung Semiconductor & Telecommunications Co., Ltd
	88. 11. 16	1M SRAM development completed
'90	90. 8. 11	16M DRAM development completed
	94. 8. 29	World's first 256M DRAM development completed
	96. 10. 31	1G DRAM development completed
	98. 10. 30	Mass production of world's first digital TV begun
	99. 6. 24	Developed world's fastest 1GHz CPU (Alpha chip)

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00. 11. 7	100 Millionth color TV produced
01. 5. 15	Industry’s first multimedia color handset introduced
02. 6. 5	Developed 70nm chip design process
02. 11. 8	SEC, first to mass produce 1GHz Rambus DRAMs
02. 12. 27	Developed world’s largest 54” TFT-LCDs for digital TV
03. 7. 3	First to release CDMA moving picture mobile phone
03. 8. 6	First to release HD DVD-Combo
03. 9. 29	First to develop 70 nano 4G NAND Flash
04. 1. 27	Released world’s first 46” LCD TV
04. 3. 4	Developed 70 nano DRAM manufacturing process technology for the first time in the world
04. 9. 20	Developed the world’s first 60nm 8G NAND Flash
05. 6. 21	First to mass produce 90nm 512Mb GDDR3
05. 9. 12	Developed the world’s first 50nm 16Gb NAND Flash
05. 10. 14	Developed the world’s first 70nm DRAM
06. 3. 14	Mass production of the world’s first 80 nano DRAM
06. 6. 16	Released the world’s first Blu-Ray Player
06. 9. 12	Developed the world’s first CTF NAND technology
06. 11. 2	Developed the world’s first 16 chip MCP
06. 12. 5	Developed the world’s first touch-sensitive DDI
06. 12. 28	Developed the world’s first 1GB Mobile DRAM
07. 1. 28	Ranked first in 3 TV categories (LCD, flat, and digital) in the US market in 2006
07. 3. 2	First to mass produce 60nm 1GB DRAM
07. 5. 11	Developed the world’s first 65nm DTV chip
07. 6. 15	Released the world’s largest 70” Full-HD premium LCD TV
07. 10. 23	Developed the world’s first 30nm 64G NAND Flash
07. 11. 9	First to mass produce 16m-color DDI for AMOLED displays
08. 4. 21	First to mass produce 50nm 1GB DDR2 DRAM
08. 9. 9	No.1 in the A4 color laser multi-function printer market for the first time (IDC)
08. 11. 7	No.1 in the U.S. handset market for the first time (Strategy Analytics)

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09. 1. 30	Developed the world’s first 4G DDR3 DRAM
09. 2. 5	Developed the world’s first 40nm DRAM
09. 7. 22	First to mass produce 40nm DDR3 DRAM
09. 10. 27	Developed the world’s thinnest 3mm LED TV panel
09. 11. 5	Developed the world’s first 0.6mm-thick 8-chip package
09. 12. 15	First to commercialize 4G LTE handsets
10. 2. 1	First in the world to develop 30nm DRAM
10. 2. 24	First in the world to begin the mass production of 4GB DDR3 DRAM
10. 2. 25	First in the world to launch ‘full HD 3D LED TV’
10. 3. 29	First in the world to launch ‘32GB DRAM module’
10. 4. 1	Merger with Samsung Digital Imaging
10. 5. 12	Samsung Electronics: First in the world to launch 3D home theater
10. 6. 29	Launch of blood test kit
10. 7. 21	First in the world to begin mass production of 30nm-class DRAM
10. 9. 1	Galaxy S becomes Korea’s first million seller smart phone
10. 11. 10	Samsung Electronics: Honored with 37 CES 2011 innovation awards

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11. 1. 20	Acquisition of Liquavista (Netherlands)
11. 1. 24	Smart TV provides first and real-time IPTV app service without Set-top box
11. 2. 11	Launch of Samsung’s first mobile AP brand the ‘Exynos’
11. 3. 24	‘Samsung Apps’ reach 100 million cumulative downloads
11. 3. 31	Mass production of the world’s first transparent LCD panel
11. 4. 19	Disposal of HDD business to Seagate
11. 5. 12	First in the world to begin the mass production of next-gen high speed NAND flash with Toggle DDR 2.0 Interface
11. 5. 31	Mass production of the world’s best function/highest capacity server DRAM modules
11. 7. 29	Opening of ‘Family Samsung’, a communication portal site for

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	Samsung employees and their families
11. 8. 18	Smart TV reach global sales of 2 million units
11. 9. 15	First in the world to develop 30nm 1.25Volt modules for Ultra Lowpower Servers
11. 9. 22	Samsung Electronics start up the world’s largest memory fab, line-16
11. 10. 17	Galaxy S I/II reach cumulative global sales of 30 million units
11. 12. 1	First to mass produce optical sensor-integrated type large LCD panels
12. 2. 8	Launch of smart TV ES8000 with voice/motion recognition in Korea
12. 4. 1	Merger between SEC and Samsung LED / Creation of LED business as part of SEC
12. 4. 1	Spin-off of LCD business
12. 4. 26	Launch of ‘Exynos 4 Quad,’ the first quad-core mobile AP in the world
12. 5. 10	Acquisition of ‘mSpot,’ US cloud content service provider
12. 5. 10	Release of the first 55-inch OLED TV in the world
12. 5. 17	Mass production of industry’s 1st 20nm-class 4Gbb LPDDR2
12. 5. 29	Global launch of Galaxy S III, with a simultaneous release in 28 countries
12. 6. 5	Opening of the nation’s largest day care center at ‘Samsung Digital City’ in Suwon
12. 7. 4	Launch of new Zipel T9000 with independent-bottom freezer style
12. 7. 11	ISO 50001 certification granted to 5 business operations of SEC
12. 7. 17	Acquisition of CSR’s mobile business
12. 7. 28	Sponsorship for the London 2012 Olympic Games with wireless communication devices
12. 8. 7	Global launch of Galaxy Note 10.1
12. 8. 8	Development of the world’s first VoLTE technologies for Galaxy S III
12. 9. 11	Launch of M9000, kimchi refrigerator with the industry-largest capacity and 3 metal-cooling
12. 9. 24	Launch of the Samsung SSD 840 Series
12. 10. 4	SEC’s brand value of USD 32.9 billion ranked 9th out of 100 global brands
12. 10. 30	SEC-Google released ‘Nexus 10,’ tablet with the world’s highest

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	resolution display
12. 11. 4	Global sales of Galaxy S III reached 30 million units in 5 months
12. 11. 15	Launch of 10nm-class 64Gb eMMC with the industry-highest speed
12. 11. 29	Launch of Galaxy Camera (world’s first LTE camera) in Korea
12. 12. 26	SEC was awarded World Star Award(World Packaging Organization) for the eco-friendly packaging of refrigerator.
13. 1. 9	Launch of ‘Exynos 5 Octa,’ world’s first high performance octa-core mobile AP
13. 1. 14	Samsung Electronics announced that Galaxy S series reached global smartphone sales of 100 million
13. 1. 28	Acquisition of ‘Neurologica,’ American portable CT device maker
13. 2. 16	Launch of ‘Sparkling,’ refrigerator with an innovative sparking water dispenser
13. 2. 21	Launch of ‘Zipel Food Showcase’ with innovative food storage design
13. 3. 14	Samsung Electronics reveal Galaxy S4
13. 3. 15	Launch of multi-CEO system
13. 4. 3	Samsung TV achieved 37 EPEAT ‘Gold’ marks (industry-highest number) for being eco-friendly
13. 4. 18	Release of ‘Evolution Kit,’ the world’s first TV feature upgrading kit
13. 5. 22	10 million S4 handsets sold in the shortest period of time
13. 6. 17	Launch of NFC-enabled color laser printers, and multi-function printers for the first time in the industry
13. 6. 26	Launch of S4 LTE-A, the world’s first LTE-A smartphone
13. 6. 27	Global launch of Curved OLED TV
13. 7. 2	SEC won the highest total of IDEA Awards among competitors for five consecutive years
13. 7. 17	Launch of ‘840 EV0,’ 1TB high-performance SSD line up
13. 7. 24	Mass production of 3GB high-density mobile DRAM for smartphones
13. 8. 6	Mass production of the world’s first 3D V-NAND flash memory chips
13. 8. 25	Retained global No.1 market share of 27.1% for TVs in 1H13 (Source: Display Search)

13. 8. 30	Mass production of 20nm DDR4 DRAM
13. 9. 4	Revealed Galaxy Note 3 and Galaxy Gear
13. 9. 10	Development of 'Exynos' octa-core multi-processing solutions
13. 9. 24	Development of ISOCELL, industry-first next generation CMOS image sensor technology
13. 9. 30	Samsung Electronics Chat-On global subscriptions reach 100 million
13. 9. 30	Ranked 8th in the global 100 brands list
13. 10. 9	Launch of Galaxy Round with a flexible display
13. 10. 21	Samsung Electronics overseas manufacturing sites achieved ISO 50001 certification
13. 10. 30	FPTV achieved record-high market share of 33.5% in North America (Source: NPD)
13. 12. 12	UHD TV ranked first with 48.3% market share in Europe (Source: GfK)
13. 12. 30	Global launch of the world's largest 110" UHD TV
13. 12. 30	Development of the world's first next-gen 8GB LPDDR4 mobile DRAM

Business Report

1. Business Overview

From January 1, 2013 to December 31, 2013

In 2013, the global economy faced various macro headwinds amid delayed economic recovery in Europe. Domestic consumption declined and currency exchange rates remain volatile in Korea and emerging countries due to uncertain US fiscal policies related to concerns over QE tapering.

Despite such difficult business environment, we achieved record consolidated sales of KRW 229 trillion, operating profit of KRW 37 trillion, stand-alone sales (parent) of KRW 158 trillion, and net profit of KRW 18 trillion thanks to our shareholders' support and relentless hard work by our employees.

From a financial management perspective, we maintained a strong balance sheet with consolidated net debt to equity ratio of 42.7%, capital adequacy ratio of 70.1%, and ROE of 22.4%. Also, parent net debt to equity ratio was 26.5%, capital adequacy ratio was 79.0%, and ROE was 15.7%. According to the Interbrand survey, our brand value rose by 20% to USD 39.6 billion from the previous year, and ranked eighth in the global corporate list as of October 2013.

Last 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 launched the industry leading Android-based Galaxy S4 and Note3.

Despite signs of an economic rebound in developed countries, we expect macro headwinds in the global and domestic economy to persist, given QE tapering in the US and financial risks from emerging countries.

To overcome internal and external challenges including rapid changes in the business environment, we will continue improvements with the efficiency and flexibility of our operation to ensure survival during the time of crisis. We will also focus on securing growth engines to grasp future opportunities.

For CE (Consumer Electronics) business, we are enhancing our market leadership through differentiated products, technologies and design.

We will continue our growth momentum, under the effects of depressed economy and weak demand from developed markets, mainly led by our market-leading premium products such as Smart TV and refrigerators.

For flat panel TVs, we maintained our No.1 position of the total TV market share, including FPTV and LCDTV, for eight consecutive years. We 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 2014, we will continue to enhance our product leadership through exclusive design features in the premium and over-60" large-size line ups. We will also provide various solutions for consumers to lead the user-oriented Smart TV and ultra high definition TV markets.

In the Monitor business, we believe our sales and P/L will improve through our efforts to expand into the global market and increase profitability.

Our refrigerator with a new concept is well received in the domestic market. For overseas home appliances market, we launched Club de Chef, partnerships with the world's renowned chefs to enhance our premium brand image, while opening a premium home appliances showcase at Harrods. As such, we are strengthening our premium marketing activities and expanding partnerships with large retailers to enhance our market leading position.

For IM (Information technology & Mobile communications) Business, we led the market, utilizing our premium brand image and differentiated products.

In 2013, overall mobile demand increased by 6% compared to prior year to 1.7 billion. In particular, premium smartphone demand growth was higher in China and US along with sales expansion in emerging markets.

As we planned in early 2013, we achieved our sales target of 450 million handsets. Especially, our smartphone business sustained its strong sales momentum for the second year in a row. Galaxy S4, our premium flagship model launched in April, reached global sales record of 10 million in the shortest period of time in the Samsung mobile phone sales history.

In addition, we are getting positive feedback on the new version of Note. Galaxy S4 Active, Galaxy Round, and Galaxy Gear are also well received in the market with solid sales.

In 2014, we expect overall mobile market to grow by a single digit % and smartphone shipments to increase by more than 10% from the previous year. We expect tablet market shipments to continue strong growth momentum with 20% yoy growth.

We expect both our shipments and sales to outperform the market. We aim to further strengthen our mobile market leadership by reinforcing smartphone line ups, expanding tablet sales, and pioneering new product categories, such as Note and LTE, through pursuing differentiated strategy.

In addition, we will continuously outperform the market growth and maintain solid profitability through balanced sales growth in developed and emerging markets.

Our Semiconductor Business of DS (Device Solutions) leads the industry with its creativity based on core technologies.

Amid stable supply-demand balance 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.

In 2013, profit-oriented supply policies such as limited capacity expansion led to increased DRAM and NAND prices compared to 2012. Overall, the market dynamics shifted towards suppliers. Market growth was mainly driven up by increased density and sales expansion in mobile devices, as well as higher SSD demand for data center and ultra-books. As DRAM supply shortages were exacerbated in the 2nd half of last year, we expect DRAM supply for PCs and game consoles to remain tight until the first quarter of 2014.

During the first quarter of 2014, we expect flagship smartphone demand to slow down and certain set product demand to remain flat. In response, we will diversify our customer base to China, based on our enormous technological advantages. We will also enhance our cost competitiveness by expanding profitable product offerings.

We are currently more than one year ahead of competitors in terms of product development. We are continuing our effort to further solidify our market leadership by launching premium products.

We will lead the DRAM market by stabilizing 20nm-class production and introducing NAND. For NAND, we introduced the world's first Vertical-NAND, and we are in the process of developing high-performance solutions and advanced 3bit products to further widen the gap from the competition.

Looking forward in 2014, we will sustain our industry leadership as No.1 memory maker, 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, the market growth is now being led by mid/low-end products as high end product portion declined in the mobile market in 2013. In 2014, we expect continued growth led by emerging markets such as China, Latin America, and Eastern Europe.

Looking at the product trend, demand for ModAP is steadily growing, high-pixel sensors' portion is rising driven by CIS hardware differentiation, and mobile DDI demand is also increasing for high-definition smart devices. As such, demand for mid/low-end IC chips is increasing. In response, we plan to release more competitive products earlier than competitors, leveraging our advanced process advantages.

Our AP business profits are driven by increased 32/28nm AP offerings. In 2014, we will introduce 20nm products to solidify our technological advantages. Additionally, we will further reinforce our competitiveness in AP by expanding modem/ModAP business and mass producing connectivity products. For foundry business, we sharpened our market leadership by developing high performance leading-edge process ahead of competitors.

In DP (Display Panel) of DS (Device Solutions) business, we are leading the industry based on our differentiated competitiveness.

Even though our business environment became more challenging compared to 2012 with intensified competition for TV panels, we retained our leading position as a top display maker by achieving outstanding business performance based on our differentiated manufacturing competitiveness in the mid to small size AMOLED panels.

For large size panel business, we improved our manufacturing competitiveness by enhancing yield and reducing product defect rate 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 saving, we are continuing our efforts to develop highly transparent panels and localize key manufacturing equipment. We will strengthen partnership with customers in technology and product development to maintain our industry-highest utilization rate and maximize profitability. In addition, we will better deal with demand from China, the world's largest TV consumer, leveraging our China fab where mass production began in 2013.

For the mid to small size panel business, we continue to enhance our competitiveness as a market leader by successfully commercializing the world's first flexible panels based on AMOLED technologies and increasing our capacity through manufacturing efficiency improvement.

In 2014, we will launch premium product line ups including large high-tech OLED TV to strengthen our market dominance. In addition, we will heighten our leading position as the global No.1 display maker by reinforcing our product competitiveness through next generation display with a new concept, as well as focusing our competencies on developing future technologies such as transparent displays.

For this year, Samsung Electronics will enhance its leading position as global No.1 IT company by improving competitiveness and profitability of each business. To lay the ground work for a bright future of all businesses, we will focus on strengthening our competitiveness in core technologies of the future through efficient management of company-wide resources and sound business management, and actively cope with global macro uncertainties and risks in a prompt manner.

2. Corporate Overview

1) Company Objective

1. Manufacture, sale, collection service, lease and maintenance service of electronic and electrical products and appliances, other related equipment and their components
2. Manufacture, sale, collection service, lease and maintenance service of communication products & appliances, other related equipment and their components
3. Manufacture and sale of medical equipment
4. Manufacture, sale and maintenance service of optical disk, optical related products and appliances and their components
5. Manufacture, sale, lease and maintenance service of optical fiber, cable and other related equipment
6. Manufacture, sale, collection service, lease and maintenance service of computing system and other related products
7. Manufacture, sale and lease of copyright works and computer programs, etc.
8. Sale and lease of technology
9. Operation and engineering service of information
10. Manufacture, sale, lease and maintenance service of automatic control systems and applied equipment
11. Manufacture, sale, lease and maintenance service of machine tools and their components
12. Manufacture, sale and test of gauge and measuring instruments, etc.
13. Manufacture and sale of semiconductors and other related products
14. Manufacture and sale of manufacturing facilities for semiconductors
15. Manufacture and sale of raw and related materials for semiconductor manufacturing
16. Technology service for the above items, telecommunication service and construction of electric connection system
17. Manufacture and sale of other machines and appliances
18. Manufacture, processing and sale of plastic material
19. Refining, processing and sale of metals other than gold
20. Export, import and its agency business
21. Cultivation and sale of cash crop
22. Real estate business
23. Offer business
24. Lease and sale of residential lots
25. Sports, games and other related business
26. Manufacture of electric motor, power generator and electric converter apparatus
27. Manufacture of electricity supply and control devices
28. Educational service and other services related to business
29. Business and investment incidental to any of the foregoing items

2) Key Operations

The Company is strengthening the product-oriented global management system by organizing the Company's core business into 3 divisions including Device Solution division with memory, System LSI, LED, and display panels, IM division with handset and PC and CE division with TV, printer, refrigerator and air conditioner. The Company is also focusing on creating synergy effects among these 3 business divisions.

The Company owns and operates consumer electronics manufacturing facilities in various sites around Korea. At one of the main sites in Suwon, the Company produces digital information systems such as CTV, DTV, DVDP and Monitor. In Gwangju, the company manufactures Home Appliances. In Gumi, the company manufactures mobiles handsets, communication systems and printers as well as other OA equipments. In Giheung, Hwaseong and Onyang sites, the Company manufactures Memory and System LSI products. At Cheonan and Asan sites, the Company produces panels and related products.

In addition, with its overseas subsidiaries throughout the world, Samsung Electronics Co.,Ltd continues to differentiate its products, R&D, marketing and services according to the region. In doing so, the Company is proving its capacity as a global leading company.

3) Key Business Site

Business Site	Major Business or products	Location
Seocho Complex	Corporate management strategies	11, Seocho-daero 74-gil, Seocho-gu, Seoul, Korea
Suwon Complex	Electronic Goods & Computer	129, Samsung-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do, Korea
Gumi 1st complex	Telecommunication Equipment	244, 1 Gongdan-ro, Gumi-si, Gyeongsangbuk-do, Korea
Gumi 2nd complex	Telecommunication Equipment	302, 3 Gongdan 3-ro, Gumi-si, Gyeongsangbuk-do, Korea
Giheung complex	Semiconductor	95, Samsung 2-ro, Giheung-gu, Yongin-si, Gyeonggi-do, Korea
Onyang complex	Semiconductor (Assembly, Test)	158, Baebang-ro, Asan-si, Chungcheongnam-do, Korea
Hwaseong complex	Semiconductor	1, Samsungjeonja-ro, Hwaseong-si, Gyeonggi-do, Korea
Cheonan Complex	Display panel	465, Beonyeong-ro, Seobuk-gu, Cheonan-si, Chungcheongnam-do, Korea
Asan Complex	Display panel	Samsung st.181, Tangjeong-Myeon, Asan-si, Chungcheongnam-do, Korea
Gwangju complex	Home Appliances	107, Hanamsandan 6beon-ro, Gwangsan-gu, Gwangju, Korea

4) Shares

1. Class of shares issued

(Unit: Share, Million KRW)

Class	Outstanding shares	Amount	Composition	Remarks
Common shares	147,299,337	778,047	86.6%	
Preferred shares	22,833,427	119,467	13.4%	Non-voting
Total	170,132,764	897,514	100.0%	

Issued shares before Share Cancellation: Total 179,502,764 Shares (Common 155,609,337 / Preferred 23,893,427)

2. Others

Title	Content
Fiscal Year End	December 31
Annual Shareholders' Meeting	Within three(3) months after the close of each fiscal year
Closing period of Shareholders' Registration	1 month period from January 1
Newspaper	Joongang Ilbo
Share Certificate	1, 5, 10, 50, 100, 500, 1000, 10000 (8 Types)
Agency for stock related Service	Agent: Korea Securities Depository Location: 23, Yeouinaruro4-gil, Yeongdeungpo-gu, Seoul
Privilege to Shareholders	N/A

3. Changes in paid-in capital

There are no changes for the last five years.

5) Employees (Domestic Standard)

(As of the end of 2013)

Title	R&D	Marketing	Manufacturing	Others	Total
Male	37,389	6,243	20,366	6,088	70,086
Female	6,559	2,641	14,508	2,004	25,712
Total	43,948	8,884	34,874	8,092	95,798

6) Bond Issuances

Title/Issuance Date of	Amount	Annual Interest Rate	Outstanding Balance	Redemption Remarks Date
No.142 Convertible bond (YANKEE BOND)	141,520 (\$100,000)	7.7%	73,871 (\$70,000)	27.10. 1

3. Productions, Sales and CAPEX

1) Sales by Division

(Unit: Million KRW)

Division		2013	2012
CE	Domestic	4,441,349	4,536,439
	Export	24,804,415	17,123,347
	Sub-total	29,245,764	21,659,786
IM	Domestic	11,227,451	13,798,911
	Export	84,212,896	68,673,856
	Sub-total	95,440,347	82,472,767
DS	Domestic	1,272,469	1,798,875
	Export	32,058,937	34,849,327
	Sub-total	33,331,406	36,648,202
Total	Domestic	17,200,360	20,470,304
	Export	141,171,729	120,736,073
	Total	158,372,089	141,206,377

* As of the end of 2013 Divisions

* The figures follow the KIFRS.

2) Productions by Division

(Unit: Million KRW)

Division	2013	2012
CE	5,761,539	6,024,104
IM	16,710,766	16,200,389
DS	27,012,150	30,234,752
Total	49,484,455	52,459,245

* As of the end of 2013 Divisions

3) Major CAPEX and Source of Fund

(Unit: 100 Million KRW)

	Investment Amount	Source of Fund
Memory No.16 line	9,363	Internal Cash
Memory No.15 line	25,028	"
Memory No.13 line	2,945	"
Memory No.12 line	2,602	"
LSI S1 line	2,911	"
LSI S3 line	7,469	"
Etc.	56,080	"

4. The Combined Companies & Subsidiaries

1) Parent Company : No Pertinent Data

2) Major Affiliates and Subsidiaries

As of fiscal year 2013 end, Samsung Group had a total of 77 domestic affiliates. Compared to end-2012, two new affiliates (Jung-ahm Wind Power, and Sungkyunkwan University Dormitory) were added and six (SECRON, SEHF Korea, SB LiMotive, GES, Idea Company Prog, Top Cloud Corporation) were excluded. Among Samsung Group's 77 affiliates, 17 including Samsung Electronics are listed, and 60 are unlisted.

As of fiscal year 2013 end, Samsung Electronics' consolidated subsidiaries totaled 153 with eight subsidiaries being newly included and 21 being excluded compared to end-2012. Following tables are a summary of financial data of major consolidated subsidiaries.

(Unit: KRW Million)

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

3) Consolidated Subsidiaries

(Unit: Million KRW,
Share)

Subsidiaries		Relation with Parent Company			
Address	Paid-in Capital	Primary Business	Number of Shares	Percentage of Ownership	Transaction with Company
Samsung Display Co.,Ltd Yongin-si, Gyeonggi-do	1,309,127	Display Production	221,968,820	84.78%	Display Production
STECO Co.,Ltd Cheonan-si, Chungcheongnam-do	24,000	Semiconductor Parts	2,447,992	51.00%	Semiconductor Parts
SEMES Co.,Ltd Cheonan-si, Chungcheongnam-do	11,866	Semiconductor Equipment	2,166,838	91.30%	Semiconductor Equipment
Samsung Electronics Service Co.,Ltd Suwon-si, Gyeonggi-do	30,203	A/S of Electronics Goods	5,999,998	99.33%	Domestic A/S
Samsung Electronics Sales Co.,Ltd Seongnam-si, Gyeonggi-do	17,667	Sales of Electronic Goods	1,766,660	100.00%	Domestic Sales
Samsung Electronics Logitech Co.,Ltd Suwon-si, Gyeonggi-do	5,054	Transportation Service	1,010,800	100.00%	Logistics Transportation
Samsung Electronics Football Club Co.,Ltd Suwon-si, Gyeonggi-do	2,000	Football Club	400,000	100.00%	Football Club
Samsung Medison Co.,Ltd Gangnam-gu, Seoul	63,804	Manufacturing & Sales of Medical Equipment	87,349,859	68.45%	Medical Equipment
SVIC Fund VI Seocho-gu, Seoul	2,300	Venture Capital	23	99.00%	Fund
SVIC Fund XIV Seocho-gu, Seoul	0	Venture Capital	-	99.00%	Fund
SVIC Fund XXI Seocho-gu, Seoul	82,000	Venture Capital	812	99.00%	Fund

Address	Subsidiaries		Relation with Parent Company			
	Paid-in Capital	Primary Business	Number of Shares	Percentage of Ownership	Transaction with Company	
SVIC Fund XXII Seocho-gu, Seoul	103,670	Venture Capital	1,026	99.00%	Fund	
HI Pioneer Private Securities Investment Trust 1 Yeongdeungpo-gu, Seoul	19,790	Licensing Fund	Not Issued	100.00%	Fund	
Samsung Japan Co.,Ltd TOKYO, JAPAN	67,716 (JPY 8,330,000,000)	Sales of Electronic Goods	1,560,000	100.00%	Overseas Sales	
Samsung R&D Institute Japan Co.,Ltd. YOKOHAMA, JAPAN	61,716 (JPY 7,245,000,000)	Research Center	122,000	100.00%	R&D	
Samsung Electronics America Inc. RIDGEFIELD PARK, NJ, USA	5 (USD 4,915)	Sales of Electronic Goods	491,531	100.00%	Overseas Sales	
Samsung Electronics Canada Inc. MISSISSAUGA, ONTARIO, CANADA	37,911 (CAD 48,300,001)	Sales of Electronic Goods	8	100.00%	Overseas Sales	
Samsung Electronics Mexico, S.A. DE C.V. DEL MIGUEL HIDALGO D.F, MEXICO	332,457 (MXN 3,473,955,622)	Sales of Electronic Goods	3,173,102	63.58%	Overseas Sales	
Nvelo.Inc SANTA CLARA, CA, USA	0 (USD 0)	Research Center	100,000	100.00%	R&D	
Samsung Electronics (UK) Limited CHERTSEY, SURREY, UK	180,662 (GBP 109,546,000)	Sales of Electronic Goods	109,546,000	100.00%	Overseas Sales	
Samsung Electronics Ltd. CHERTSEY, SURREY, UK	0 (GBP 0)	Sales of Electronic Goods	113,939,253	100.00%	Overseas Sales	
Samsung Electronics Holding GmbH TAUNUS, GERMANY	77,610 (EUR 77,033,000)	Holding Company	Not Issued	100.00%	Holding Company	
Samsung Electronics Iberia, S.A. MADRID, SPAIN	65,126 (EUR 48,126,000)	Sales of Electronic Goods	8,021,000	100.00%	Overseas Sales	
Samsung Electronics France S.A.S.U. SAINT DENIS, FRANCE	37,348 (EUR 27,000,000)	Sales of Electronic Goods	2,700,000	100.00%	Overseas Sales	

Subsidiaries		Relation with Parent Company			
Address	Paid-in Capital	Primary Business	Number of Shares	Percentage of Ownership	Transaction with Company
Samsung Electronics Magyar ZRt. (Samsung Electronics Hungarian Private Co.,Ltd) BUDAPEST, HUNGARY	47,457 (HUF 7,529,990,000)	Manufacturing & Sales of Electronic Goods	752,999	100.00%	Overseas Production & Sales
Samsung Electronics Italia SpA MILANO, ITALY	50,578 (EUR 33,850,000)	Sales of Electronic Goods	677,000	100.00%	Overseas Sales
Samsung Electronics Europe Logistics B.V. DELFT, THE NETHERLANDS	18,314 (EUR 13,064,350)	Logistics	1,306,435	100.00%	Logistics
Samsung Electronics Benelux B.V. DELFT, THE NETHERLANDS	750,049 (EUR 500,285,383)	Sales of Electronic Goods	500,285,383	100.00%	Overseas Sales
Samsung Electronics Overseas B.V. DELFT, THE NETHERLANDS	169 (USD 156,549)	Sales of Electronic Goods	250	100.00%	Overseas Sales
Samsung Electronics Polska Sp. z o.o. WARSZAWA, POLAND	20,098 (PLN 52,759,500)	Sales of Electronic Goods & Network System	105,519	100.00%	Overseas Sales
Samsung Electronica Portuguesa, S.A PORTO SALVO, PORTUGAL	11,724 (EUR 8,755,000)	Sales of Electronic Goods	1,751,000	100.00%	Overseas Sales
Samsung Electronics Nordic AB UPPLANDS VASBY, SWEDEN	16,153 (SEK 100,000,000)	Sales of Electronic Goods	1,000,000	100.00%	Overseas Sales
Samsung Electronics Austria GmbH VIENNA, AUSTRIA	9,614 (EUR 7,984,758)	Sales of Electronic Goods	Not Issued	100.00%	Overseas Sales
Samsung Electronics Slovakia s.r.o. GALANTA, SLOVAKIA	52,538 (EUR 43,097,690)	Manufacturing of Electronic Goods	Not Issued	55.68%	Overseas Production
Samsung Elec. European Holding DELFT, THE NETHERLANDS	1,295,824 (EUR 891,364,841)	Holding Company	Not Issued	100.00%	Holding Company
Samsung Electronics Display (M) Sdn. Bhd. DARUL KHUSUS, MALAYSIA	29,130 (MYR 95,200,000)	Manufacturing & Sales of Electronic Goods	71,400,000	75.00%	Overseas Production

Address	Subsidiaries		Relation with Parent Company		
	Paid-in Capital	Primary Business	Number of Shares	Percentage of Ownership	Transaction with Company
Samsung Electronics (M) Sdn. Bhd. PORT KLANG, MALAYSIA	4,378 (MYR 16,247,452)	Manufacturing & Sales of Electronic Goods	16,247,452	100.00%	Overseas Production
Samsung Vina Electronics Co.,Ltd HOCHIMINH CITY, VIETNAM	16,183 (VND 209,228,520,000)	Manufacturing & Sales of Goods	Not Issued	100.00%	Overseas Production
Samsung Asia Pte Ltd SINGAPORE	662,928 (USD 578,768,637)	Sales of Electronic Goods	736,268,536	100.00%	Overseas Sales
Samsung India Electronics Private Limited NEW DELHI, INDIA	58,330 (INR 2,167,922,944)	Manufacturing & Sales of Electronic Goods	216,787,486	100.00%	Overseas Production & Sales
Samsung R&D Institute India - Bangalore Private Limited BANGALORE, INDIA	4 (INR 165,350)	Research Center	16,534	100.00%	R&D
Samsung R&D Institute India - Bangalore Private Limited BANGALORE, INDIA	4 (INR 165,350)	Research Center	16,534	100.00%	R&D
PT Samsung Electronics Indonesia CIKARANG, INDONESIA	24,501 (IDR 89,591,460,000)	Manufacturing & Sales of Electronic Goods	45,680	99.99%	Overseas Production & Sales
Thai Samsung Electronics Company Limited CHOLBURI, THAILAND	40,137 (THB 1,200,000,000)	Manufacturing & Sales of Electronic Goods	11,020,000	91.83%	Overseas Production & Sales
Samsung Electronics H.K. Company, Limited HONG KONG	48,387 (HKD 274,250,000)	Sales of Electronic Goods	274,249,999	100.00%	Overseas Sales
Samsung Electronics Taiwan Co.,Ltd TAIPEI, TAIWAN	9,183 (TWD 272,700,000)	Sales of Electronic Goods & Semiconductor	27,270,000	100.00%	Overseas Sales
Tianjin Samsung Telecom Technology Co.,Ltd TIANJIN, CHINA	102,697 (CNY 798,895,085)	Manufacturing of HHP	Not Issued	90.00%	Overseas Production
Shanghai Samsung Semiconductor Co.,Ltd SHANGHAI, CHINA	1,200 (CNY 8,276,700)	Sales of Semiconductor & Display	Not Issued	100.00%	Overseas Sales

Subsidiaries			Relation with Parent Company		
Address	Paid-in Capital	Primary Business	Number of Shares	Percentage of Ownership	Transaction with Company
Samsung Electronics South Africa (Proprietary) Limited JOHANNESBURG, SOUTH AFRICA	373 (ZAR 2,000,000)	Sales of Electronic Goods	2,000,000	100.00%	Overseas Sales
Samsung Electronics Latinoamerica (Zona Libre), S.A. PANAMA CITY, PANAMA	43,842 (USD 39,500,000)	Sales of Electronic Goods	39,500	100.00%	Overseas Sales
Samsung Electronica Da Amazonia Ltda. SAO PAULO, BRAZIL	532,159 (BRL 844,873,010)	Manufacturing & Sales of Electronic Goods	62,816,335,981	87.04 %	Overseas Production & Sales
Samsung Electronics Argentina S.A. BUENOS AIRES, ARGENTINA	27,319 (ARS 22,300,000)	Sales of Electronic Goods	21,854,000	98.00%	Overseas Sales
Samsung Electronics RUS Co. MOSCOW, RUSSIA	111,592 (RUB 3,183,913,400)	Sales of Electronic Goods	Not Issued	100.00%	Overseas Sales
Samsung Electronics Rus Kaluga KALUGA, RUSSIA	201,191 (RUB 4,692,634,000)	Manufacturing of Electronic Goods	Not Issued	100.00%	Overseas Production
Samsung Russia Service Center MOSCOW, RUSSIA	707 (RUB 8,462,360)	A/S of Electronics Goods	Not Issued	100.00%	Overseas SVC
Samsung Electronics Suzhou Computer Co.,Ltd. SUZHOU, CHINA	15,073 (CNY 107,876,670)	Manufacturing of Electronic Goods	Not Issued	73.70%	Overseas Production
Shenzhen Samsung Electronics Telecommunications Co.,Ltd. SHENZHEN, CHINA	21,107 (CNY 165,531,500)	Manufacturing & Sales of HHP	Not Issued	95.00%	Overseas Production
Samsung electronics Shanghai Telecommunication Co.,Ltd SHANGHAI, CHINA	15,800 (CNY 99,320,988)	Sales and A/S of Network System	Not Issued	100.00%	Overseas Sales
Samsung Semiconductor China R&D.,Ltd. NANJING, CHINA	4,410 (CNY 35,438,535)	Research Center	Not Issued	100.00%	R&D
Samsung China Semiconductor XIAN, CHINA	2,555,551 (CNY 14,427,209,540)	Manufacturing of Semiconductor	Not Issued	100.00%	Overseas Production
Samsung Electronics Hainan Fiberoptics Co.,Ltd HAINAN PROV, CHINA	26,331 (CNY 206,914,020)	Manufacturing of Fiberoptics	Not Issued	100.00%	Overseas Production
Tianjin Samsung Led Co.,Ltd TIANJIN, CHINA	92,008 (CNY 542,382,450)	LED Production	Not Issued	100.00%	Overseas Production
Tianjin Samsung Opto-Electronics Co.,Ltd TIANJIN, CHINA	33,837 (CNY 203,946,080)	Manufacturing of Camera & Camcorder	Not Issued	82.00%	Overseas Production
Samsung Gulf Electronics FZE DUBAI, U.A.E	7,847 (USD 6,812,132)	Sales of Electronic Goods	25	100.00%	Overseas Sales

* As of the end of 2013

Address	Subsidiaries		Relation with Parent Company		
	Paid-in Capital	Primary Business	Number of Shares	Percentage of Ownership	Transaction with Company
Samsung Electronics Suzhou Computer Co.,Ltd. SUZHOU, CHINA	15,073 (CNY 107,876,670)	Manufacturing of Electronic Goods	Not Issued	73.70%	Overseas Production
Shenzhen Samsung Electronics Telecommunications Co.,Ltd. SHENZHEN, CHINA	21,107 (CNY 165,531,500)	Manufacturing & Sales of HHP	Not Issued	95.00%	Overseas Production
Samsung electronics Shanghai Telecommunication Co.,Ltd SHANGHAI, CHINA	15,800 (CNY 99,320,988)	Sales and A/S of Network System	Not Issued	100.00%	Overseas Sales
Samsung Semiconductor China R&D.,Ltd. NANJING, CHINA	4,410 (CNY 35,438,535)	Research Center	Not Issued	100.00%	R&D
Samsung China Semiconductor XIAN, CHINA	2,555,551 (CNY 14,427,209,540)	Manufacturing of Semiconductor	Not Issued	100.00%	Overseas Production
Samsung Electronics Hainan Fiberoptics Co.,Ltd HAINAN PROV, CHINA	26,331 (CNY 206,914,020)	Manufacturing of Fiberoptics	Not Issued	100.00%	Overseas Production
Tianjin Samsung Led Co.,Ltd TIANJIN, CHINA	92,008 (CNY 542,382,450)	LED Production	Not Issued	100.00%	Overseas Production
Tianjin Samsung Opto-Electronics Co.,Ltd TIANJIN, CHINA	33,837 (CNY 203,946,080)	Manufacturing of Camera & Camcorder	Not Issued	82.00%	Overseas Production
Samsung Gulf Electronics FZE DUBAI, U.A.E	7,847 (USD 6,812,132)	Sales of Electronic Goods	25	100.00%	Overseas Sales

4) Parent Company and Subsidiary Concurrent Management Status

– None

5. The Operating Results & Financial Position of Recent 3 Years

1) Consolidated financial statements

1. Consolidated Statements of Income (Summarized)

	(Unit: Million KRW)		
	2013	2012	2011
Revenue	228,692,667	201,103,613	165,001,771
Cost of sales	137,696,309	126,651,931	112,145,120
Gross profit	90,996,358	74,451,682	52,856,651
Selling, general and administrative expenses	54,211,345	45,402,344	37,212,360
Operating profit	36,785,013	29,049,338	15,644,291
Other non-operating income	2,429,551	1,552,989	2,251,019
Other non-operating expense	1,614,048	1,576,025	1,612,690
Share of profit or loss of associates and joint ventures	504,063	986,611	1,399,194
Finance income	8,014,672	7,836,554	7,403,525
Finance expense	7,754,972	7,934,450	7,893,421
Profit before income tax	38,364,279	29,915,017	17,191,918
Income tax expense	7,889,515	6,069,732	3,432,875
Profit for the year	30,474,764	23,845,285	13,759,043

* The figures follow the KIFRS.

2. Consolidated Statements of Financial Position (Summarized)

(Unit: Million KRW)

	2013	2012	2011
Current Assets	110,760,271	87,269,017	71,502,063
Non-current assets	103,314,747	93,802,553	84,298,200
Total assets	214,075,018	181,071,570	155,800,263
Current liabilities	51,315,409	46,933,052	44,319,014
Non-current liabilities	12,743,599	12,658,312	10,167,619
Total liabilities	64,059,008	59,591,364	54,486,633
Capital Stock	897,514	897,514	897,514
Share premium	4,403,893	4,403,893	4,403,893
Retained earnings	148,600,282	119,985,689	97,622,872
Other reserve	(9,459,073)	(8,193,044)	(5,833,896)
Non-controlling interests	5,573,394	4,386,154	4,223,247
Total equity	150,016,010	121,480,206	101,313,630
Total liabilities and equity	214,075,018	181,071,570	155,800,263

* The figures follow the KIFRS.

2) Separate financial statements

1. Statements of Income (Summarized)

(Unit: Million KRW)

	2013	2012	2011
Revenue	158,372,089	141,206,377	120,815,977
Cost of sales	110,731,528	99,431,997	90,406,166
Gross profit	47,640,561	41,774,380	30,409,811
Selling, general and administrative expenses	25,833,556	23,263,944	20,651,728
Operating profit	21,807,005	18,510,436	9,758,083
Other non-operating income	3,130,308	2,860,100	3,160,477
Other non-operating expense	792,210	621,002	1,191,742
Finance income	3,918,900	3,204,014	4,003,059
Finance expense	3,846,744	3,205,690	4,211,603
Profit before income tax	24,217,259	20,747,858	11,518,274
Income tax expense	6,287,739	3,349,328	1,470,082
Profit for the year	17,929,520	17,398,530	10,048,192

* The figures follow the KIFRS.

2. Statements of Financial Position (Summarized)

(Unit: Million KRW)

	2013	2012	2011
Current Assets	60,603,694	43,952,271	39,496,344
Non-current assets	94,222,263	89,311,784	78,103,505
Total assets	154,825,957	133,264,055	117,599,849
Current liabilities	27,597,944	24,770,263	26,969,912
Non-current liabilities	4,857,246	2,605,923	2,173,031
Total liabilities	32,455,190	27,376,186	29,142,943
Capital Stock	897,514	897,514	897,514
Share premium	4,403,893	4,403,893	4,403,893
Retained earnings	122,029,419	105,306,520	88,735,491
Other reserve	(4,960,059)	(4,720,058)	(5,579,992)
Total equity	122,370,767	105,887,869	88,456,906
Total liabilities and equity	154,825,957	133,264,055	117,599,849

* The figures follow the KIFRS.

6. Board of Directors

1) Board and Audit Committee Composition

	Name	Title	Responsibility	Transaction with the Company
Inside	Oh-Hyun Kwon	Vice Chairman & CEO	Chairman of the Board Overall Management of Device Solutions	None
	Boo-Keun Yoon	President & CEO	Overall Management of Consumer Electronics	"
	Jong-Kyun Shin	President & CEO	Overall Management of IT & Mobile Communications	"
	Sang-Hoon Lee	President & CFO	Administration of Corporate Management Office	"
Outside	In-Ho Lee	Director	Overall Corporate Management	"
	Han-Joong Kim	Director	Overall Corporate Management	"
	Kwang-Soo Song	Director	Overall Corporate Management	"
	Byeong-Gi Lee	Director	Overall Corporate Management	"
	Eun-Mee Kim	Director	Overall Corporate Management	"
Audit Committee	In-Ho Lee	Committee member	Former President & Chief Executive Officer, Shinhan Bank	"
	Han-Joong Kim	Committee member	Chairman, CHA Strategy Committee, CHA Health Systems	"
	Kwang-Soo Song	Committee member	Advisor, Kim & Chang Law Office	"

2) Overview of Board of Directors

SEC works to enhance its business by encouraging a progressive and entrepreneurial environment based on the highest standards of governance, transparency, and accountability. Under such policy, the BOD administers the performance of management, sets corporate management policies, and makes strategic decisions on business execution. These activities are performed in accordance with relevant laws and regulations, our articles of incorporation (AOI), and the resolutions made at the annual general shareholders meeting (AGM).

To better target the various responsibilities of the BOD, authorities have been delegated to subcommittees in which directors with expertise and experience in a certain field can contribute to that particular committee.

The BOD currently has six committees: Management Committee, Audit Committee, Independent Director Recommendation Committee, Internal Transaction Committee, Compensation Committee and CSR Committee.

The BOD is operated by nine members (five of them being independent directors). During the course of this year 2013, the BOD had 8 meetings and handled 23 cases.

The Management Committee considers and makes decisions on issues delegated to them by the BOD and reports their voting results to them in accordance with the AOI, BOD charter, or AGM resolutions. The committee had 16 meetings.

The Audit Committee is a committee under Board of Directors that supervises and supports the management in such a way it may enhance the company's value to the maximum through auditing and Audit Committee consists of three members who are appointed among directors through the resolution of Board of Directors. All the members shall be independent directors. The committee met 5 times this past year.

The Independent Director Recommendation Committee is a committee under the BOD, structured to ensure that independent directors are recruited and appointed in a fair and independent manner. This committee consists of 4 directors (including 3 independent directors).

The Internal Transaction Committee, a board committee, was established in April 2004 as a compliance body to enhance corporate governance and promote fair transactions. The Internal Transaction Committee is reported with pending transactions between the company and its related party. The committee met 5 times this past year.

The Compensation Committee which has responsibility for reviewing and approving compensation of Executive officers with transparency is comprised of 3 independent directors.

The CSR Committee has its role to fulfill social responsibility and contribute to public interest. All 5 members are independent directors and operates research groups outside the company as necessary.

3) Directors Profile



Oh-Hyun Kwon

- Vice Chairman & CEO [2012~Present]
- Vice Chairman & Head, Samsung Advanced Institute of Technology [2013~Present]
- Vice Chairman & Head, Device Solutions [2011~Present]
- President & Head, Device Solutions, Samsung Electronics [2011~2011]
- President & Head, Semiconductor Business [2008~2011]
- President & Head, System LSI Division [2004~2008]
- Head, LSI Technology [2000~2004]
- Head, ASIC Business [1998~2000]



Boo-Keun Yoon

- President & CEO [2013~Present]
- President & Head, Consumer Electronics [2012~Present]
- Head, Consumer Electronics Division [2011~2012]
- Head, Visual Display Business [2007~2011]
- Head, R&D Team, Visual Display Business [2003~2007]



Jong-Kyun Shin

- President & CEO [2013~Present]
- President & Head, IT & Mobile Communications [2012~Present]
- Head, IT & Mobile Communications Division [2011~2012]
- Head, Mobile Communications Business [2009~2011]
- Head, R&D Team, Mobile Communications Business [2006~2009]



Sang-Hoon Lee

- President & CFO, Corporate Management Office [2012~Present]
- Head, Strategy Team 1, Samsung Corporate Strategy Office [2010~2012]
- Head, Corporate Management Support Team [2008~2010]
- Strategy & Planning Office [2006~2008]



In-Ho Lee

- Independent Director [2010~Present]
- Corporate Advisor, Shinhan Bank [2009~2011]
- Chief Executive Officer, Shinhan Financial Group [2005~2009]
- President & Chief Executive Officer, Shinhan Bank [1999~2003]
- Director & Deputy President (Executive Vice President), Shinhan Bank [1991~1999]



Han-Joong Kim

- Independent Director [2012~Present]
- Chairman, CHA Strategy Committee, CHA Health Systems [2012~Present]
- Professor Emeritus, Yonsei University [2012~Present]
- Chairman, Korea University Sport Federation [2010~2012]
- Trustee, Korean Council for University Education [2008~2012]
- President, Yonsei University [2008~2012]
- Chairman, Board of Directors, The Korean Society for Preventive Medicine [2006~2008]

- Professor, Department of Preventive Medicine & Public Health [1982~2012]



Kwang-Soo Song

- Independent Director [2013~Present]
- Advisor, Kim & Chang Law Office [2007~Present]
- Prosecutor General, Supreme Prosecutors' Office [2003~2005]
- Chief Prosecutor, Daegu High Prosecutors' Office [2002~2003]
- Senior Prosecutor, Director of Prosecution Bureau, Ministry of Justice [2001~2002]



Byeong-Gi Lee

- Independent Director [2012~Present]
- Professor of Electrical and Computer Engineering, Seoul National University [1986~Present]
- President, IEEE Communications Society [2010~2011]
- Commissioner, Korea Communications Commission [2008~2010]
- President, Korea Information and Communication Society(KICS) [2007~2007]
- President, Korea Society of Engineering Education(KSEE) [2003~2004]
- Vice Chancellor for Research Affairs, Seoul National University [2000~2002]
- Member of Technical Staff, AT&T Bell Laboratories [1984~1986]



Eun-Mee Kim

- Independent Director [2013~Present]
- Dean, Graduate School of International Studies, Ewha Womans University [2011~Present]
- Professor, Graduate School of International Studies, Ewha Womans University [1997~Present]
- President, Korea Association of International Development and Cooperation (KAIDEC) [2011~2012]

- Dean, Graduate School of International Studies, Ewha Womans University [2005~2007]
- Visiting Scholar, Brown University [2003~2004]
- Visiting Scholar, Harvard University [1994~1994]
- Professor, Department of Sociology, University of Southern California [1987~1997]

4) Board Committee Composition

Management Committee

Oh-Hyun Kwon [Chairman] Boo-Keun Yoon Jong-Kyun Shin Sang-Hoon Lee

Outside Director Recommendation Committee

Han-Joong Kim [Chairman] Byeong-Gi Lee Eun-Mee Kim Oh-Hyun Kwon

Audit Committee

In-Ho Lee [Chairman] Han-Joong Kim Kwang-Soo Song

Internal transaction Committee

In-Ho Lee [Chairman] Han-Joong Kim Kwang-Soo Song

Compensation Committee

Kwang-Soo Song [Chairman] In-Ho Lee Byeong-Gi Lee

CSR Committee

Byeong-Gi Lee [Chairman] In-Ho Lee Han-Joong Kim Kwang-Soo Song Eun-Mee Kim

* Head of the Compensation Committee was appointed in February 2014. Inho Lee(Independent Director) served as acting Head of the Committee in 2013.

7. Major Shareholders

Ranking	Ownership-Common Stock	Number of Shared Owned	% of Class
1	National Pension Service of Korea	11,359,651	7.7%
2	Samsung Life Insurance Co., Ltd.	11,136,912	7.6%
3	CITIBANK.N.A(1)	7,295,102	5.0%
4	Samsung C&T Corp.	5,976,362	4.1%
5	Lee Kun-Hee	4,985,464	3.4%
6	SAUDI ARABIAN MONETARY AGENCY	3,248,478	2.2%
7	THE GOVERNMENT OF SINGAPORE	2,574,423	1.7%
8	Samsung Fire & Marine Insurance Co.,Ltd.	1,856,513	1.3%
9	EURO-PACIFIC GROWTH FUND	1,841,950	1.3%
10	Samsung Asset Management	1,755,813	1.2%
Total Number of Outstanding Common Stock		147,299,337	100.0%

* Citi Bank is reported as an independent shareholder in the shareholder registry, but it is a GDR depository institution of Samsung Electronics representing our GDR shareowners.

8. Significant Subsequent Events After the Fiscal Year End

– Refer to notes to the Separate Financial Statements

9. Other Business Related Material Facts

– Refer to Business Overview

10. Remuneration for the Directors

A. Remuneration for the executives

1) Remuneration approved at shareholders' meeting

(in 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	38,000	-

※ Number of persons is as of the reporting date.

※ The amount approved at shareholders' meeting is the remuneration limit for executive directors according to the Article 388 of the Commercial Law. It includes compensation for directors who retired this fiscal year or in the past years.

2) Remuneration Paid

(in KRW million)

	Number of Persons	Total amount of compensation	Avg. compensation per capita	Note
Executive Directors	4	26,356	6,589	-
Independent Directors	2	179	89	-
Audit Committee member or Auditor	3	279	93	-
Total	9	26,814	-	-

※ Number of persons is as of the reporting date.

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

※ A compensation per capita was calculated by dividing total compensation by annual average number of persons.

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

B. Individual compensation for directors and the auditor

1) Compensation paid to each individual

(in KRW million)

Name	position	Total amount of compensation	Compensation not included in total amount
Oh-Hyun Kwon	CEO	6,773	-
Boo-Keun Yoon	CEO	5,089	-
Jong-Kyun Shin	CEO	6,213	-
Sang-Hoon Lee	Director	3,734	-
Gee-Sung Choi	former CEO	3,970	-
Ju-Hwa Yoon	former Director	577	-

※ Total amount of compensation for each individual is a sum of earned income, other income, and retired 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 executives according to the Article 159 of the Financial Investment Services and Capital Markets Act and the Article 168 of the enforcement decree of the same law.

2) Criteria and method

	Criteria and method
CEO Oh-Hyun Kwon	<ul style="list-style-type: none"> <input type="checkbox"/> Total compensation of KRW 6.773 billion <ul style="list-style-type: none"> – Earned Income <ul style="list-style-type: none"> • Salary: KRW 1.788 billion (consists of monthly wage) • Bonus: KRW 2.034 billion (consists of New Year’s/Thanksgiving bonus, target/performance incentive) • Profit from exercising stock option : n/a • Other earned income: KRW 2.951 billion – Retirement Income: n/a – Other Income: n/a <input type="checkbox"/> Compensation criteria and calculation method <ul style="list-style-type: none"> – Salary: According to executive treatment policy(Board resolution) – Bonus: According to executive treatment policy(Board resolution) <ul style="list-style-type: none"> • New Year’s/Thanksgiving bonus: 100% of monthly wage for each • Target incentive: CEO decides the amount based on target achievement rate of each division; paid twice a year within 0-400% of monthly wage • Performance incentive: When exceeded the company’s profit and loss target, CEO decides the amount

	<p style="text-align: center;">within 20% of profit; paid once a year within 0-70% of salary</p> <ul style="list-style-type: none"> - Other earned income: According to executive treatment policy(Board resolution) <ul style="list-style-type: none"> • Consists of special bonus (one-off) and benefit package
<p style="text-align: center;">CEO Boo-Keun Yoon</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Total compensation of KRW 5.089 billion <ul style="list-style-type: none"> - Earned Income <ul style="list-style-type: none"> • Salary: KRW 1.174 billion (consists of monthly wage) • Bonus: KRW 1.481 billion (consists of Thanksgiving bonus, target/performance incentive) • Profit from exercising stock option : n/a • Other earned income: KRW 2.434 billion - Retirement Income: n/a - Other Income: n/a <input type="checkbox"/> Compensation criteria and calculation method <ul style="list-style-type: none"> - Salary: According to executive treatment policy(Board resolution) - Bonus: According to executive treatment policy(Board resolution) <ul style="list-style-type: none"> • Thanksgiving bonus: 100% of monthly wage • Target incentive: CEO decides the amount based on target achievement rate of each division; paid twice a year within 0-400% of monthly wage • Performance incentive: When exceeded the company's profit and loss target, CEO decides the amount within 20% of profit; paid once a year within 0-70% of salary - Other earned income: According to executive treatment policy(Board resolution) <ul style="list-style-type: none"> • Consists of special bonus (one-off) and benefit package
<p style="text-align: center;">CEO Jong-Kyun Shin</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Total compensation of KRW 6.213 billion <ul style="list-style-type: none"> - Earned Income <ul style="list-style-type: none"> • Salary: KRW 1.174 billion (consists of monthly wage) • Bonus: KRW 1.595 billion (consists of Thanksgiving bonus, target/performance incentive) • Profit from exercising stock option : n/a • Other earned income: KRW 3.444 billion - Retirement Income: n/a - Other Income: n/a <input type="checkbox"/> Compensation criteria and calculation method <ul style="list-style-type: none"> - Salary: According to executive treatment policy (Board resolution) - Bonus: According to executive treatment policy (Board resolution) <ul style="list-style-type: none"> • Thanksgiving bonus: 100% of monthly wage • Target incentive: CEO decides the amount based on target achievement rate of each division; paid twice a year within 0-400% of monthly wage • Performance incentive: When exceeded the company's profit and loss target, CEO decides the amount within 20% of profit; paid once a year within 0-70% of salary - Other earned income: According to executive treatment rules

	<p>(Board resolution)</p> <ul style="list-style-type: none"> • Consists of special bonus (one-off) and benefit package
Sang-Hoon Lee CFO	<ul style="list-style-type: none"> □ Total compensation of KRW 3.734 billion <ul style="list-style-type: none"> – Earned Income <ul style="list-style-type: none"> • Salary: KRW 0.857 billion (consists of monthly wage) • Bonus: KRW 1.268 billion (consists of Thanksgiving bonus, target/performance/long-term performance incentive) • Profit from exercising stock option : n/a • Other earned income: KRW 1.609 billion – Retirement Income: n/a – Other Income: n/a □ Compensation criteria and calculation method <ul style="list-style-type: none"> – Salary: According to executive treatment policy(Board resolution) – Bonus: According to executive treatment policy(Board resolution) <ul style="list-style-type: none"> • Thanksgiving bonus: 100% of monthly wage • Target incentive: CEO decides the amount based on target achievement rate of each division; paid twice a year within 0-400% of monthly wage • Performance incentive: When exceeded the Company's profit and loss target, CEO decides the amount within 20% of profit; paid once a year within 0-70% of salary • Long-term performance incentive: According to executive long-term performance incentive policy (Board resolution) – Other earned income: According to executive treatment policy(Board resolution) <ul style="list-style-type: none"> • Consists of special bonus (one-off) and benefit package
former CEO Gee-Sung Choi	<ul style="list-style-type: none"> □ Total compensation of KRW 3.97 billion <ul style="list-style-type: none"> – Earned Income <ul style="list-style-type: none"> • Salary: KRW 0.951 billion (consists of monthly wage) • Bonus: KRW 2.981 billion (consists of New Year's bonus, target/performance/long-term performance incentive) • Profit from exercising stock option : n/a • Other earned income: KRW 38 million – Retirement Income: n/a – Other Income: n/a □ Compensation criteria and calculation method <ul style="list-style-type: none"> – Salary: According to executive treatment rules (Board resolution) – Bonus: According to executive treatment rules (Board resolution) <ul style="list-style-type: none"> • New Year's bonus: 100% of monthly wage • Target incentive: CEO decides the amount based on target achievement rate of each division; paid twice a year within 0-400% of monthly wage • Performance incentive: When exceeded the Company's profit and loss target, CEO decides the amount within 20% of profit; paid once a year

	<p style="text-align: center;">within 0-70% of salary</p> <ul style="list-style-type: none"> • Long-term performance incentive: According to executive long-term performance incentive rules (Board resolution) - Other earned income: According to executive treatment rules (Board resolution) <ul style="list-style-type: none"> • Consists of benefit package
former Director Ju-Hwa Yoon	<ul style="list-style-type: none"> <input type="checkbox"/> Total compensation of KRW 0.577 billion <ul style="list-style-type: none"> - Earned Income <ul style="list-style-type: none"> • Salary: n/a • Bonus: KRW 0.577 billion (long-term performance incentive) • Profit from exercising stock option : n/a • Other earned income: n/a - Retirement Income: n/a - Other Income: n/a <input type="checkbox"/> Compensation criteria and calculation method <ul style="list-style-type: none"> - Bonus: According to executive treatment rules (Board resolution) <ul style="list-style-type: none"> • Long-term performance incentive: According to executive long-term performance incentive rules (Board resolution)

11. Voting Shares

Samsung Electronics issued 147,299,337 common shares, 29.5% of authorized shares and 22,833,427 preferred shares. 16,384,216 common treasury shares and preferred shares held by the Company do not have voting rights. 12,506,577 shares own by affiliated companies do have limited voting rights under relevant laws. Thus, the number of shares with voting rights is 118,408,544.

1) Total Shares with voting rights at the end of FY 2013

Category	Type	No. of shares	Note
No. of outstanding shares (A)	Common	147,299,337	-
	Preferred	22,833,427	-
Treasury Shares = Shares without voting rights (B)	Common	16,384,216	Article 369-2 of the Commercial Act "Treasury Shares"
	Preferred	-	-
Shares with voting rights eliminated by Articles of Incorporation (C)	Common	-	-
	Preferred	22,833,427	2,979,693 preferred treasury shares 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: Some part of shares held by special account of Samsung Life Insurance
Shares with revived voting rights (E)			
Total Shares with voting rights (F)	Common	118,408,544	(F = A - B - C - D + E)

Financial Statements

Report of the Audit Committee

The Audit Committee of Samsung Electronics Co., Ltd reports the results of financial audit from January 1, 2013 to December 31, 2013 for the 45th fiscal year.

1. Method of Auditing

The Committee looked at accounting records and other related documents; reviewed the balance sheet, consolidated balance sheet, and specifications annexed to financial statements; and applied appropriate auditing procedures such as collation, inspection, observance, and inquiry.

The Committee attended significant meetings including those of the Board of Directors; was briefed on the deliberations of the Management Committee when deemed necessary; and tapped into adequate measures in making reviews such as requesting for additional review and complementary material.

The Committee received and reviewed reports from the CFO regarding operations and the adequacy of accounting procedures and systems put in place to ensure fair and reliable presentation of accounting information and disclosures.

2. Balance sheets, consolidated balance sheets and all-inclusive income statements, consolidated all-inclusive income statements

Balance sheets, consolidated balance sheets and all-inclusive income statements, consolidated all-inclusive income statements reflect the Company's financial status including assets, liabilities, profits, and losses in accordance with the generally accepted accounting standards, applicable laws and regulations.

3. Appropriations of Retained Earnings

Appropriations of Retained Earnings reflect the financial statements of the Company in accordance with the generally accepted accounting standards, applicable laws and regulations.

4. Business Report

Business Report reflects the current financial status of the Company in accordance with generally accepted accounting standards, applicable laws and regulations.

February 18, 2014

Samsung Electronics Co., Ltd

THE AUDIT COMMITTEE Han-Joong Kim

Kwang-Soo Song





REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated financial statements of Samsung Electronics Co., Ltd. and its subsidiaries (collectively referred to as the “Company”), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of certain subsidiaries, whose financial statements represents

6.8% and 7.2% of the consolidated total assets as of December 31, 2013 and 2012, respectively, and 25.6% and 22.1% of the consolidated revenues for the year then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for those subsidiaries, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Samsung Electronics Co., Ltd. and its subsidiaries as of December 31, 2013 and 2012, and their financial performance and cash flows for the years then ended, in accordance with International Financial Reporting Standards as adopted by the Republic of Korea.

Seoul, Korea
February 11, 2014

This report is effective as of February 11, 2014, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.28))

		December 31,	December 31,	December 31,	December 31,
	Notes	2013	2012	2013	2012
		KRW	KRW	USD	USD
Assets					
Current assets					
Cash and cash equivalents	4, 6, 7	16,284,780	18,791,460	15,431,422	17,806,747
Short-term financial instruments	5, 6, 7	36,722,702	17,397,937	34,798,353	16,486,248
Available-for-sale financial assets	6, 9	1,488,527	1,258,874	1,410,525	1,192,906
Trade and other receivables	6, 7, 10	27,875,934	26,674,596	26,415,175	25,276,790
Advances		1,928,188	1,674,428	1,827,147	1,586,684
Prepaid expenses		2,472,950	2,262,234	2,343,362	2,143,688
Inventories	11	19,134,868	17,747,413	18,132,160	16,817,410
Other current assets		2,135,589	1,462,075	2,023,680	1,385,459
Assets held for sale	12, 37	2,716,733	-	2,574,370	-
Total current assets		110,760,271	87,269,017	104,956,194	82,695,932
Non-current assets					
Available-for-sale financial assets	6,9	6,238,380	5,229,175	5,911,475	4,955,155
Associates and joint ventures	12	6,422,292	8,785,489	6,085,750	8,325,110
Property, plant and equipment	13	75,496,388	68,484,743	71,540,214	64,895,995
Intangible assets	14	3,980,600	3,729,705	3,772,008	3,534,260
Long-term prepaid expenses		3,465,783	3,515,479	3,284,168	3,331,260
Deferred income tax assets	29	4,621,780	2,516,080	4,379,589	2,384,232
Other non-current assets		3,089,524	1,541,882	2,927,627	1,461,085
Total assets		214,075,018	181,071,570	202,857,025	171,583,029

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.28))

	Notes	December31, 2013 KRW	December31, 2012 KRW	December31, 2013 USD	December31, 2012 USD
Liabilities and Equity					
Current liabilities					
Trade and other payables	6	17,633,705	16,889,350	16,709,661	16,004,312
Short-term borrowings	6, 15	6,438,517	8,443,752	6,101,125	8,001,281
Advances received		1,706,313	1,517,672	1,616,899	1,438,143
Withholdings		1,176,046	966,374	1,114,419	915,734
Accrued expenses	6	11,344,530	9,495,156	10,750,052	8,997,589
Income tax payable		3,386,018	3,222,934	3,208,583	3,054,045
Current portion of long-term borrowings and debentures	6, 15, 16	2,425,831	999,010	2,298,712	946,660
Provisions	18	6,736,476	5,054,853	6,383,470	4,789,968
<u>Other current liabilities</u>		<u>467,973</u>	<u>343,951</u>	<u>443,450</u>	<u>325,927</u>
Total current liabilities		51,315,409	46,933,052	48,626,371	44,473,659
Non-current liabilities					
Long-term trade and other payables	6	1,053,756	1,165,881	998,537	1,104,786
Debentures	6, 16	1,311,068	1,829,374	1,242,365	1,733,511
Long-term borrowings	6, 15	985,117	3,623,028	933,495	3,433,174
Net defined benefit liabilities	17	1,854,902	1,729,939	1,757,701	1,639,286
Deferred income tax liabilities	29	6,012,371	3,429,467	5,697,310	3,249,756
Provisions	18	460,924	408,529	436,771	387,121
<u>Other non-current liabilities</u>		<u>1,065,461</u>	<u>472,094</u>	<u>1,009,628</u>	<u>447,355</u>
Total liabilities		<u>64,059,008</u>	<u>59,591,364</u>	<u>60,702,178</u>	<u>56,468,648</u>

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.28))

	Notes	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		KRW	KRW	USD	USD
Equity attributable to owners of the parent					
Preferred stock	20	119,467	119,467	113,207	113,207
Common stock	20	778,047	778,047	737,276	737,276
Share premium		4,403,893	4,403,893	4,173,119	4,173,119
Retained earnings	21	148,600,282	119,985,689	140,813,307	113,698,180
Other components of equity	23	(9,459,073)	(8,193,044)	(8,963,398)	(7,763,711)
Non-controlling interests		5,573,394	4,386,154	5,281,336	4,156,310
Total equity		150,016,010	121,480,206	142,154,847	115,114,381
Total liabilities and equity		214,075,018	181,071,570	202,857,025	171,583,029

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In millions of Korean won, in thousands of US dollars (Note 2.28))

	Notes	For the year ended December 31,			
		2013 KRW	2012 KRW	2013 USD	2012 USD
Revenue		228,692,667	201,103,613	216,708,677	190,565,349
Cost of sales		137,696,309	126,651,931	130,480,725	120,015,096
Gross profit		90,996,358	74,451,682	86,227,952	70,550,253
Selling and administrative expenses		54,211,345	45,402,344	51,370,553	43,023,163
Operating profit		36,785,013	29,049,338	34,857,399	27,527,090
Other non-operating income		2,429,551	1,552,989	2,302,237	1,471,609
Other non-operating expense		1,614,048	1,576,025	1,529,468	1,493,438
Share of profit of associates and joint ventures		504,063	986,611	477,649	934,910
Finance income		8,014,672	7,836,554	7,594,686	7,425,902
Finance expense		7,754,972	7,934,450	7,348,595	7,518,667
Profit before income tax		38,364,279	29,915,017	36,353,908	28,347,406
Income tax expense		7,889,515	6,069,732	7,476,087	5,751,665
Profit for the year		30,474,764	23,845,285	28,877,821	22,595,741
Profit attributable to owners of the parent		29,821,215	23,185,375	28,258,519	21,970,411
Profit attributable to non-controlling interests		653,549	659,910	619,302	625,330
Earnings per share for profit attributable to owners of the parent (in Korean Won, in 1/1000 US dollars)					
- Basic		197,841	154,020	187,474	145,949
- Diluted		197,800	153,950	187,435	145,883

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions of Korean won, in thousands of US dollars (Note 2.28))

	For the year ended December 31,				
Notes	2013	2012	2013	2012	
	KRW	KRW	USD	USD	
Profit for the year	30,474,764	23,845,285	28,877,821	22,595,741	
Other comprehensive income					
Items not to be reclassified subsequently to profit or loss :					
Remeasurement of net defined benefit liabilities, net of tax	17, 23	(213,113)	(504,120)	(201,946)	(477,703)
Items to be reclassified subsequently to profit or loss :					
Changes in value of available-for-sale financial assets, net of tax	23	186,480	962,184	176,708	911,763
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	23	20,756	(350,491)	19,668	(332,125)
Foreign currency translation, net of tax	23	(1,000,961)	(1,824,653)	(948,508)	(1,729,037)
Other comprehensive loss for the year, net of tax		(1,006,838)	(1,717,080)	(954,078)	(1,627,102)
Income for the year		29,467,926	22,128,205	27,923,743	20,968,639
Comprehensive income attributable to :					
Owners of the parent		28,837,590	21,499,343	27,326,438	20,372,732
Non-controlling interests		630,336	628,862	597,305	595,907

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In millions of Korean won)

2012 KRW	Notes	Preferred stock	Common stock	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance at January 1, 2012		119,467	778,047	4,403,893	97,622,872	(5,833,896)	97,090,383	4,223,247	101,313,630
Profit for the year		-	-	-	23,185,375	-	23,185,375	659,910	23,845,285
Changes in value of available-for-sale financial assets, net of tax		-	-	-	-	960,688	960,688	1,496	962,184
Share of other comprehensive loss of associates and joint ventures, net of tax		-	-	-	-	(350,491)	(350,491)	-	(350,491)
Foreign currency translation, net of tax		-	-	-	-	(1,789,877)	(1,789,877)	(34,776)	(1,824,653)
Remeasurement of net defined benefit liabilities, net of tax		-	-	-	-	(506,351)	(506,351)	2,231	(504,120)
Total comprehensive income (loss)		-	-	-	23,185,375	(1,686,031)	21,499,344	628,861	22,128,205
Dividends		-	-	-	(827,501)	-	(827,501)	(373,632)	(1,201,133)
Capital transaction under common control		-	-	-	-	(1,089,835)	(1,089,835)	(104,395)	(1,194,230)
Changes in consolidated entities		-	-	-	-	-	-	12,844	12,844
Disposal of treasury stock		-	-	-	-	455,377	455,377	-	455,377
Stock option activities		-	-	-	-	(33,071)	(33,071)	-	(33,071)
Others		-	-	-	4,943	(5,588)	(645)	(771)	(1,416)
Total transactions with owners		-	-	-	(822,558)	(673,117)	(1,495,675)	(465,954)	(1,961,629)
Balance at December 31, 2012		119,467	778,047	4,403,893	119,985,689	(8,193,044)	117,094,052	4,386,154	121,480,206

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.28))

2012 USD	Notes	Preferred stock	Common stock	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance at January 1, 2012		113,207	737,276	4,173,119	92,507,223	(5,528,187)	92,002,638	4,001,940	96,004,578
Profit for the year		-	-	-	21,970,411	-	21,970,411	625,330	22,595,741
Changes in value of available-for-sale financial assets, net of tax		-	-	-	-	910,345	910,345	1,418	911,763
Share of other comprehensive income (loss) of associates and joint ventures, net of tax		-	-	-	-	(332,125)	(332,125)	-	(332,125)
Foreign currency translation, net of tax		-	-	-	-	(1,696,083)	(1,696,083)	(32,954)	(1,729,037)
Remeasurement of net defined benefit liabilities, net of tax		-	-	-	-	(479,816)	(479,816)	2,113	(477,703)
Total comprehensive income (loss)		-	-	-	21,970,411	(1,597,679)	20,372,732	595,907	20,968,639
Dividends		-	-	-	(784,138)	-	(784,138)	(354,053)	(1,138,191)
Capital transaction under common control		-	-	-	-	(1,032,725)	(1,032,725)	(98,924)	(1,131,649)
Changes in consolidated entities		-	-	-	-	-	-	12,171	12,171
Disposal of treasury stock		-	-	-	-	431,514	431,514	-	431,514
Stock option activities		-	-	-	-	(31,338)	(31,338)	-	(31,338)
Others		-	-	-	4,684	(5,296)	(612)	(731)	(1,343)
Total transactions with owners		-	-	-	(779,454)	(637,845)	(1,417,299)	(441,537)	(1,858,836)
Balance at December 31, 2012		113,207	737,276	4,173,119	113,698,180	(7,763,711)	110,958,071	4,156,310	115,114,381

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries

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	Equity attributable to owners of the parent	Non-controlling interests	Total
Balance at January 1, 2013		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		-	-	-	-	187,477	187,477	(997)	186,480
Share of other comprehensive income (loss) of associates and joint ventures, net of tax		-	-	-	-	20,949	20,949	(193)	20,756
Foreign currency translation, net of tax		-	-	-	-	(986,691)	(986,691)	(14,270)	(1,000,961)
Remeasurement of net defined benefit liabilities, net of tax		-	-	-	-	(205,360)	(205,360)	(7,753)	(213,113)
Total comprehensive income (loss)		-	-	-	29,821,215	(983,625)	28,837,590	630,336	29,467,926
Dividends		-	-	-	(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		-	-	-	-	41,817	41,817	-	41,817
Stock option activities		-	-	-	-	(11,999)	(11,999)	-	(11,999)
Others		-	-	-	-	737	737	(65)	672
Total transactions with owners		-	-	-	(1,206,622)	(282,404)	(1,489,026)	556,904	(932,122)
Balance at December 31, 2013		119,467	778,047	4,403,893	148,600,282	(9,459,073)	144,442,616	5,573,394	150,016,010

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousands of US dollars (Note 2.28))

2013 USD	Notes	Preferred stock	Common stock	Share premium	Retained earnings	Other components of equity	Equity attributable to owners of the parent	Non- controlling interests	Total
Balance at January 1, 2013		113,207	737,276	4,173,119	113,698,180	(7,763,711)	110,958,071	4,156,310	115,114,381
Profit for the year		-	-	-	28,258,519	-	28,258,519	619,302	28,877,821
Changes in value of available-for-sale financial assets, net of tax		-	-	-	-	177,653	177,653	(945)	176,708
Share of other comprehensive income (loss) of associates and joint ventures, net of tax		-	-	-	-	19,851	19,851	(183)	19,668
Foreign currency translation, net of tax		-	-	-	-	(934,986)	(934,986)	(13,522)	(948,508)
Remeasurement of net defined benefit liabilities, net of tax		-	-	-	-	(194,599)	(194,599)	(7,347)	(201,946)
Total comprehensive income (loss)		-	-	-	28,258,519	(932,081)	27,326,438	597,305	27,923,743
Dividends		-	-	-	(1,143,392)	-	(1,143,392)	(39,946)	(1,183,338)
Capital transaction under common control		-	-	-	-	(296,559)	(296,559)	568,599	272,040
Changes in consolidated entities		-	-	-	-	-	-	(870)	(870)
Disposal of treasury stock		-	-	-	-	39,626	39,626	-	39,626
Stock option activities		-	-	-	-	(11,370)	(11,370)	-	(11,370)
Others		-	-	-	-	697	697	(62)	635
Total transactions with owners		-	-	-	(1,143,392)	(267,606)	(1,410,998)	527,721	(883,277)
Balance at December 31, 2013		113,207	737,276	4,173,119	140,813,307	(8,963,398)	136,873,511	5,281,336	142,154,847

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and its subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.28))

	Notes	For the year ended December 31,			
		2013	2012	2013	2012
		KRW	KRW	USD	USD
Cash flows from operating activities					
Profit for the year		30,474,764	23,845,285	28,877,821	22,595,741
Adjustments		23,804,832	22,759,559	22,557,407	21,566,909
Changes in operating assets and liabilities		(1,313,245)	(5,777,949)	(1,244,428)	(5,475,173)
Cash flows from operating activities		52,966,351	40,826,895	50,190,800	38,687,477
Interest received		1,034,074	789,397	979,886	748,031
Interest paid		(434,857)	(576,379)	(412,070)	(546,175)
Dividend received		592,217	1,112,940	561,184	1,054,620
Income tax paid		(7,450,345)	(4,180,044)	(7,059,931)	(3,961,001)
Net cash generated from operating activities		46,707,440	37,972,809	44,259,869	35,982,952
Cash flows from investing activities					
Net increase in short-term financial instruments		(19,391,643)	(5,965,611)	(18,375,479)	(5,653,000)
Net decrease (increase) in short-term available-for-sale financial assets		33,663	(589,072)	31,899	(558,203)
Proceeds from disposal of long-term available-for-sale financial assets		1,691,463	106,208	1,602,827	100,642
Acquisition of long-term available-for-sale financial assets		(1,531,356)	(870,249)	(1,451,110)	(824,646)
Proceeds from disposal of associates and joint ventures		240	41,091	227	38,938
Acquisition of associates and joint ventures		(181,307)	(279,022)	(171,806)	(264,401)
Disposal of property and equipment		377,445	644,062	357,666	610,312
Purchases of property and equipment		(23,157,587)	(22,965,271)	(21,944,079)	(21,761,841)
Disposal of intangible assets		4,562	61,497	4,323	58,274
Purchases of intangible assets		(934,743)	(650,884)	(885,760)	(616,776)
Cash outflows from business combination		(167,155)	(464,279)	(158,396)	(439,950)
Others		(1,490,601)	(390,024)	(1,412,491)	(369,586)
Net cash used in investing activities		(44,747,019)	(31,321,554)	(42,402,179)	(29,680,237)

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.

Samsung Electronics Co., Ltd. and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Samsung Electronics Co., Ltd. and its subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of Korean won, in thousands of US dollars (Note 2.28))

	Notes	For the year ended December 31,			
		2013 KRW	2012 KRW	2013 USD	2012 USD
Cash flows from financing activities					
Net repayment of short-term borrowings				(1,763,987)	(758,627)
	(1,861,536)	(800,579)			
Disposal of treasury stock		34,390	88,473	32,588	83,837
Proceeds from long-term borrowings and debentures		26,672	1,862,256	25,274	1,764,670
Repayment of long-term borrowings and debentures		(1,368,436)	(522,899)	(1,296,727)	(495,498)
				(1,184,186)	
Payment of dividends		(1,249,672)	(1,265,137)	-	(1,198,841)
Net increase (decrease) in non-controlling interests		281,551	(1,200,134)	266,797	(1,137,244)
Others		-	(26,488)	-	(25,101)
Net cash used in financing activities		(4,137,031)	(1,864,508)	(3,920,241)	(1,766,804)
Effect of exchange rate changes on cash and cash equivalents		(330,070)	(687,048)	(312,774)	(651,045)
Net increase (decrease) in cash and cash equivalents		(2,506,680)	4,099,699	(2,375,325)	3,884,866
Cash and cash equivalents					
Beginning of the year		18,791,460	14,691,761	17,806,747	13,921,881
End of the year		16,284,780	18,791,460	15,431,422	17,806,747

Please refer to 2013 consolidated financial audit report disclosed on April 4, 2014.