

Digital - E Company

Digital-£ Company

a strategy for leadership
in the digital convergence revolution

Contents [3] Foreword [4] Financial Highlights [8] CEO's Message [12] 2000 Highlights [13] Business Portfolios [16] Home Networks [22] Mobile Networks [28] Office Networks [34] Core Components [40] Vision in Action [44] Sports Sponsorship [46] Community Service [47] Financial Report [88] Board of Directors [90] Global Network

At the start of our 30th anniversary year in November 1999, we dedicated ourselves to being at the forefront of the digital convergence revolution. Now in our 31st, we're working hard to turn that ambitious commitment into reality through an initiative we call our **Digital - E Company** strategy.

The “digital” part of this strategy focuses on enhancing the value chain by realigning our operations into four major business portfolios—home networks, mobile networks, office networks, and core components. The “E” or “electronic” part aims to create a solid support framework for these portfolios by optimizing the supply chain to make our operations as efficient and timely as possible.

So, where do we expect this strategy to take us? All the way to the top in the very, very near future.

And everyone's invited to join us!

04 Financial Highlights

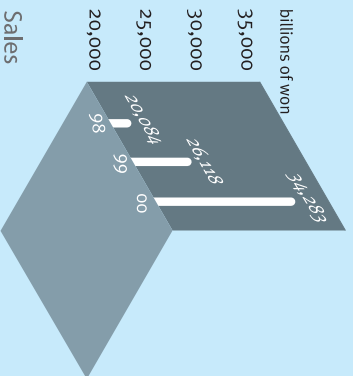
The year 2000 presented Samsung Electronics with a host of external challenges. But even record-high oil prices, plummeting memory prices, and faltering technology sector stocks couldn't stop us from once again recording our best financial performance ever.

During the year, sales climbed over 31%, gross profit jumped over 45%, operating profit soared to 66%, and net income skyrocketed to 90%. While these impressive figures clearly show solid *quantitative* growth, they also show outstanding *qualitative* growth, providing unequivocal proof that our ongoing efforts to deliver greater value to our customers, partners, and shareholders have given us a solid, efficient, and profitable financial structure that's second to none.

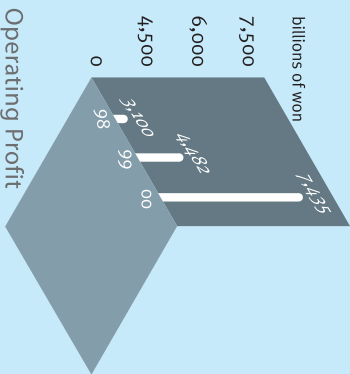
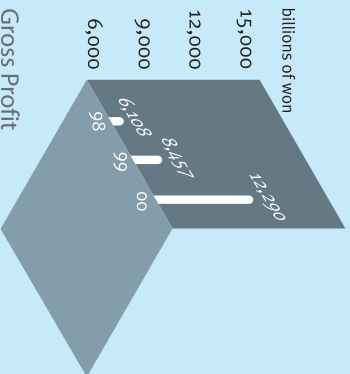
	in millions of won		in millions of U.S. dollars	
	2000	1999	2000	1999
Sales	34,283,752	26,117,786	27,230.9	20,744.9
Operating Profit	7,435,154	4,481,500	5,905.6	3,559.6
Net Income	6,014,530	3,170,403	4,777.2	2,518.2
Total Assets	26,895,046	24,709,803	21,362.2	19,626.5
Total Liabilities	10,702,199	11,378,234	8,500.6	9,037.5
Shareholders' Equity	881,675	875,542	700.3	695.4
			2000	1999
Capital Ratio			60.2%	54%
Debt to Equity Ratio			66.1%	85.3%
Return on Equity Ratio			41%	31%
Net Debt Equity Ratio			9%	33%
EBITDA Margin			32%	27%
Earnings per Share			₩35,006	₩19,214
			US\$28	US\$15

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

• US\$ amounts are converted at a rate of US\$1=1,259 won.



06



Sales For the 7th straight year, we led the domestic manufacturing sector with sales of 34.3 trillion won, a 31.3% increase over 1999. Approximately 68% of the total came from international markets, representing 12% of Korea's total year 2000 exports. The Semiconductor Business Group accounted for 38% (13 trillion won), followed by the Digital Media System Business Group with 27% (9.3 trillion won), the Information & Communications Business Group with 22% (7.6 trillion won), and the Home Appliances Business Group with 8% (2.7 trillion won).

Gross Profit Ongoing restructuring and management innovation activities were behind the remarkable 45.3% growth in gross profit to 12.3 trillion won. The year also saw the overwhelming bias toward semiconductors begin to shift toward a more balanced profit structure.

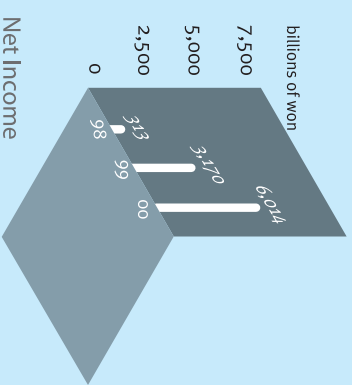
Operating Profit The 2000 operating profit of 7.4 trillion won was the highest in company history and an outstanding 66% improvement over 1999, translating into an overall profit margin of 22%. The Semiconductor Business Group led with 81.5% of this total (6.1 trillion won), an outstanding profit margin of 47%, followed by the Information & Communications Business Group with 12.2% (908

billion won), the Digital Media System Business Group with 7.1% (525 billion won), and the Home Appliances Business Group with 2.5% (187 billion won).

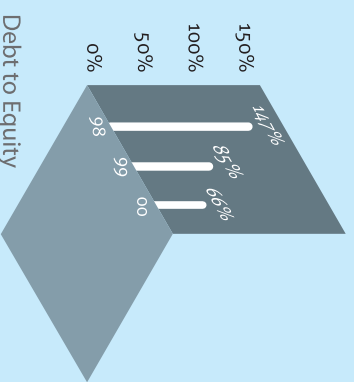
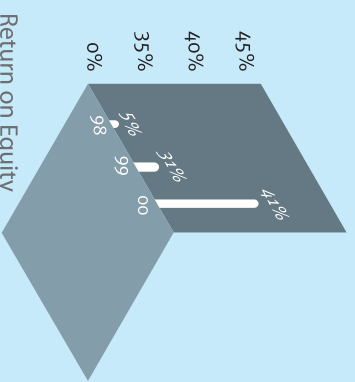
Net income In 2000, net income shot up 90% to just over 6 trillion won. This produced an equally remarkable 82% rise in EPS from 19,214 won to 35,006 won. The fact that net income rose nearly 90%—nearly triple the 31% increase in sales—is a solid indicator that we’ve successfully made the transition to a profit-driven organizational structure.

Return on Equity Total shareholders’ equity rose to 16.2 trillion won from 13.3 trillion won in 1999, a 21.5% year-on-year increase. This as well as strong sales helped ROE jump from 31% year-on-year to 41%, putting us in the same league as the world’s top corporations.

Debt to Equity For the second straight year, we took advantage of strong earnings to trim our overall debt. In 2000, we paid back 1.6 trillion won, slashing our 5.7 trillion won debt burden by 28% to 4.1 trillion won. This in turn improved our debt to equity ratio from 85% in 1999 to 66%, laying a strong foundation for continued profitability.



07



Dear Customers, Partners, and Shareholders,

08



*“Samsung Electronics is dedicated to leading
the digital convergence revolution...”*

I am pleased to report that 2000 was Samsung Electronics' best year ever. During the year, our sales grew over 31.3% to 34.3 trillion won. Even more remarkable was the 66% rise in operating profit to 7.4 trillion won, producing an outstanding 22% operating margin. Taken alone, these figures are an impressive testimony to the success of our ongoing customer-driven efforts to enhance the value of the Samsung brand as well as our aggressive marketing and pricing policies in markets worldwide. Taken in the context that they and similarly impressive figures in 1998 and 1999 were recorded in an environment marked by unfavorable economic conditions at home and unclear economic prospects abroad, they



are also unmistakable proof that the restructuring initiatives of the past three years have helped lay a [solid foundation for profitability](#). But our work is far from over.

As I have stated many times, the coming decade will bring more changes to the way we live, work, and play than the entire past century. And Samsung intends to be the driving force behind as many of these changes as possible. Our ambitious plans for the next five years call for us to [more than double sales](#) to 80 trillion won as we aim for an operating margin of 15% in 2005. We also intend to triple our brand value from US\$5 billion to US\$15 billion. I would like to share with you now the master strategy that will make this all possible.

On our 30th anniversary in November 1999, we made public our vision of leading the [digital convergence revolution](#). On our 31st in 2000, we announced how we intend to translate this vision into reality. Recognizing the critical role that digital convergence and networking technology will play in our success in this endeavor, we have highlighted them in the name of our new master plan—[Digital- \$\mathcal{E}\$ Company](#)—a strategy that seeks to maximize both customer and corporate value through a comprehensive solution- and process-centric approach to enhancing the value chain and optimizing the supply chain.

Our value chain focus is now putting in place an integrated, solution-focused organizational framework where each of our

divisions is assigned to one of **four synergetic business portfolios**: *home networks, mobile networks, office networks, and core components*. This reorganization will create a fertile internal climate for synergy and greater value as our divisions cooperate, share, and together create **digital solutions** far superior to anything they could achieve on their own.

Similarly, our supply chain focus now reflects the simple reality that value innovation is not just about developing the most innovative products. It is about finding ways to **enhance value at every step** of the supply chain process—from the research lab to the marketing department. By applying e-processes to streamline, accelerate, and create opportunities for synergy within the business process itself, we will reap the benefits across the entire organization, ultimately creating greater value for all. And that will help us more effectively achieve our mission of bringing innovation and digital technology to *all* our products in ways that will make life easier, richer, and more enjoyable for *all* generations and *all* customers. We call it **Samsung Digital**. And everyone's invited.

I would like to close with a sincere thank you for your support during the past year that helped make 2000 our best year ever. We look forward to bringing you even better news in 2001.



Jong-Yong Yun
Vice Chairman and CEO

2000 Highlights

January 4	We develop the world's first 288Mb Rambus™ DRAM. Designed with 0.17-micron process technology, this new RDRAM offers the highest bandwidth of any current memory technology. Up to 16 of these 288Mb chips can be combined to create memory modules of up to 576MB. RDRAM is used primarily in high-end Pentium 4-based workstations, PCs, and game consoles.	May 1	We join AMD, Compaq, Gateway, Hitachi, HP, Infineon, NEC, Quantum, SCI Systems, Solotron, and Western Digital to form eHITEX, an independent online B2B marketplace focused on creating a high-tech supply chain for the computing and electronics industries. In December, the name changes to Converge as the consortium moves to acquire NECK, a global trading exchange operator with a trading volume exceeding US\$1 billion.	May 15	We produce our 10-millionth TFT-LCD to date. Entering the field in 1995, we've led the competition since 1998 with over 20% of the global market. In February, we introduce the WiseView™ logo to increase our brand visibility, and in August we add a 4th-generation production line that will push annual production capacity from 8 million 14-inch panel equivalents in 2000 to nearly 15 million in 2001.	June 13	We announce a strategic partnership with Microsoft to create Internet-savvy 2G, 2.5G, and 3G mobile phones. The agreement covers both GSM and CDMA feature phones based on the Microsoft Mobile Explorer wireless communications platform as well as the Microsoft smart phone platform which integrates the functionality of a PDA into slightly larger form factor. Our first product from this alliance debuts in December.	June 22	H.M. King Juan Carlos I inaugurates our first GSM phone plant in Europe. The Barcelona, Spain plant's two production lines began turning out our SGH-600 and SGH-2400 mobile phones in January. When completed in 2002, the plant will have 11 production lines, employ more than 1,000 local workers, and produce some 7.5 million units annually, 80% for sale outside of Spain.
------------------	---	--------------	---	---------------	---	----------------	--	----------------	--

12

September 7	We introduce the world's first cdma2000 mobile phone. The first step toward global 3G mobile communications, the SCH-X1000 cellular and SPH-X1000 PCS phones offer full backward compatibility with existing cdmaOne networks, up to 10x higher data speeds for services like audio- and video-on-demand, and 30% longer talk and 100% longer standby times. We also demonstrate a complete cdma2000 system during the Sydney Olympic Games.	September 15-30	While our latest mobile phones help keep the Olympic Games running smoothly, we play host to over 1.1 million Sydney Olympic Park visitors. Our Olympic Rendezvous@Samsung pavilion provides a unique showcase for our latest mobile communications technology, a convenient gathering place for athletes and their families, and a full daily program of cultural performances and entertainment for all.	September 29	We debut the world's fastest graphics memory chip. Fabricated with 0.17-micron technology, the 128Mb double-data-rate SDRAM chip is capable of moving data at 500Mbps, a two-and-a-half-fold increase in performance over our previous fastest offering. The chip will play a key role in our continued dominance in the graphics memory market, an area where we currently hold a 40%-plus market share.	October 10	Our technology specification for digital image compression is accepted into the patent pool for MPEG-4, a next-generation compression technology designed to shrink multimedia content down to compact, high-quality data streams that can be smoothly broadcast over the Internet or to 3G mobile phones.	November 1	We mark our 31st anniversary by unveiling our Digital-E Company strategy to guide us as we work to become the leader of the digital convergence revolution. The goal of this strategy is to build on the success of our reorganization efforts over the past three years to take our organization to the next level, focusing on value innovation in both the value and supply chains to propel ourselves to the top of the industry in 2005.
--------------------	--	------------------------	--	---------------------	---	-------------------	--	-------------------	---

The power to lead a revolution

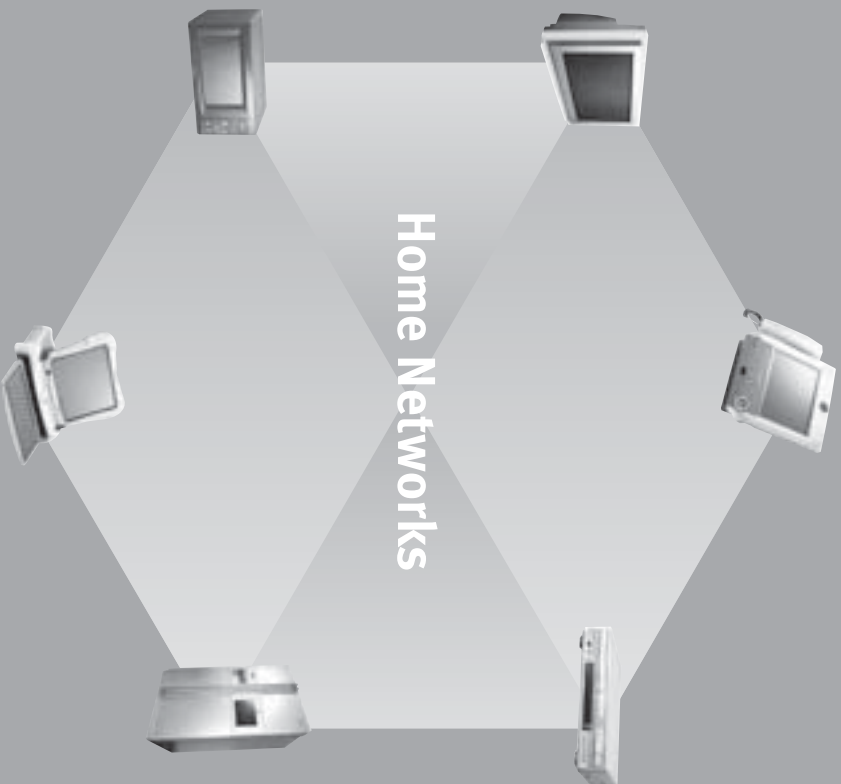
It takes a special combination of capabilities and resources to lead the digital convergence revolution.

At Samsung, we believe we've got the critical mass of technology, facilities, personnel, partnerships, and capital needed to compete with and beat the world's best. Backed by our leadership in key core component fields, we intend to set the pace for industry innovation in home networks, mobile networks, and office networks into the indefinite future.

Welcome to Samsung Digital^{all}. Where everyone's invited.

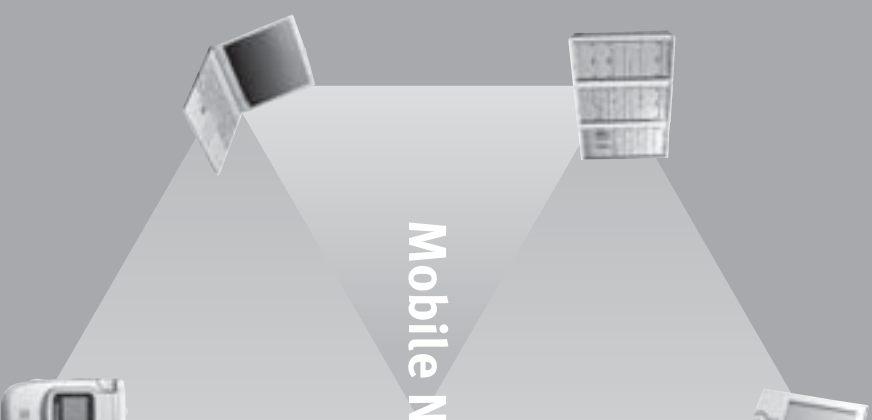
A digital portfolio of solutions

Samsung Electronics is the world leader in computer memory, TFT-LCD and CDT monitors, DVD-ROM and combination CD-RW/DVD-ROM drives, microwave ovens, and CDMA mobile phones as well as a top-ten player in CD-ROM and IDE hard drives, color TVs, VCRs, and DVD players. Our leadership in core component technologies in each of these product categories is the synergistic force that's now driving our other three digital business portfolios.



Home Networks

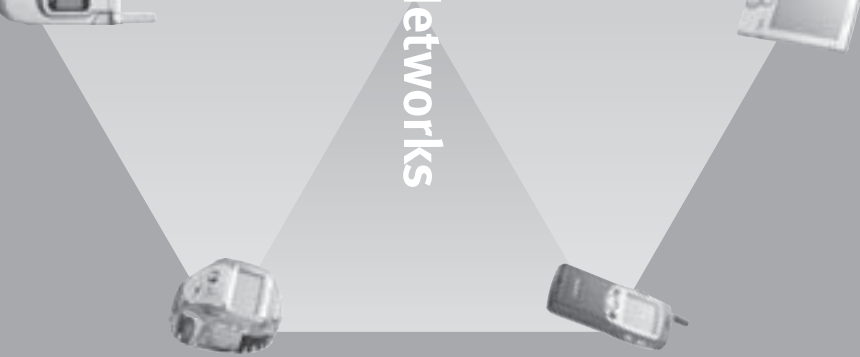
Our advanced digital audio and video technology continues to keep us on the cutting edge of home theater with a full lineup of high-performance HDTVs, SDTVs, and DVD players. We've also been breaking new ground in the home appliances field by adding digital functionality and networking capabilities as we participate in the creation of the digital home network infrastructure that'll bring a whole new level of comfort and convenience to life.



Mobile Networks

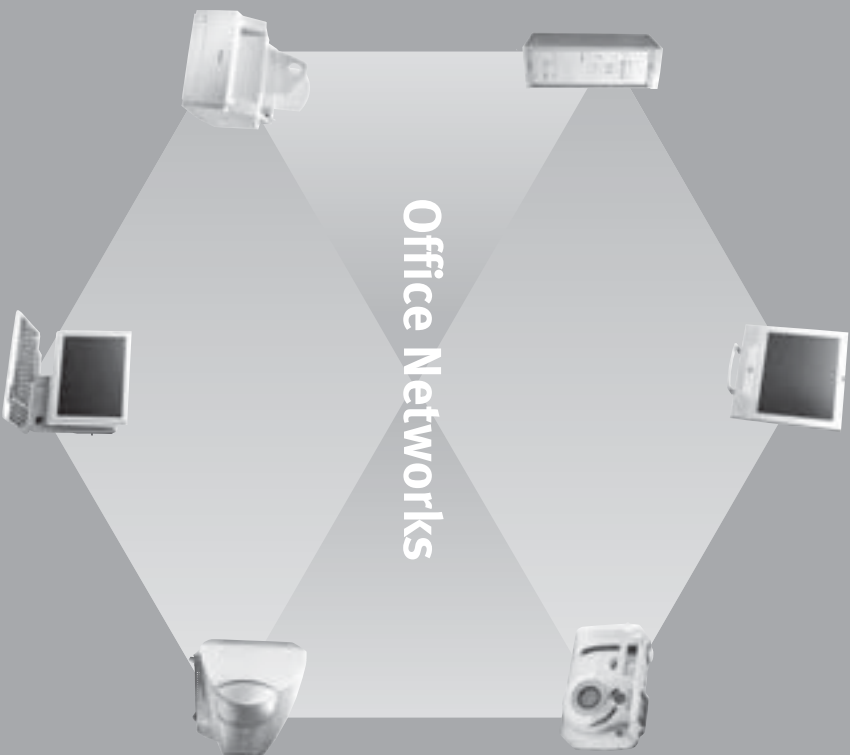
You may have heard that we've been the mobile phone maker for four years, but you didn't know that we were among the first to introduce mobile phones and systems that'll handle everything you need. Our mobile phones handle voice. Other mobile devices handle data. Our mobile notebook PCs, PDAs, digital cameras, and mobile phones are designed to help keep you organized and connected.

Networks




been the world's No. 1 CDMA phone manufacturer, and is now running. But you probably know us best as the first to develop 3G mobile phones. We're also the first to develop 3G mobile phones as easily as today's 2G phones. Our mobile network offerings include feature phones, PDAs, and cordless phones, all designed and in touch.

Office Networks



With some of the largest, sharpest screens available, Samsung TFT-LCD flat-panel and CDT flat-screen displays are easily the highest-profile products in this portfolio. We also make a full range of computers and peripherals including hard drives, combination DVD/CD-RW drives, fax machines, laser and ink-jet printers, multifunction printers, and business communications solutions that will make any office network more productive and efficient.



Home Networks

*We're serving up the tastiest
digital dishes in the industry.*





What's on today's menu? How about 42 inches of plasma goodness delivered to your table. But it could just as easily be served up on a wall. Or even the ceiling. You see, this isn't just your ordinary kind of meal. It's a digital smorgasbord that's a feast for the eyes. Bon appétit!

SPK-4215 42-inch 56:9 Plasma TV

There's simply no other way to get a bigger, flatter picture hanging on your wall. Or anywhere else for that matter.

Internet Communicator
 As simple to use as a telephone, our second-generation Anyweb™ Web phone will help take computerless Internet access, e-mail, and IP telephony mainstream. . . . memory, a fax and a full contact media interface

Gently Powerful Cooking
 With 1,100-watts of cooking power, 10 power levels, and our exclusive variable-power Gentle Cook technology, the MW8593G brings a whole new

Video Convergence
 Looking to replace an aging VCR or set up a home theater? Our new SV-DVD1E combination DVD player and VHS recorder will let you do both

Cool Multimedia
 Our top-of-the-line SR-127DTL refrigerator keeps your food fresh as it keeps you in touch, entertained, and organized with Internet access, video-



“The fully automated home has been a technophile’s dream since the 1960s. Today, Samsung’s making it a digital reality with the world’s first home network solution to use Internet protocols to seamlessly link virtually any electric-powered device imaginable.... And that’ll make home an even sweeter place to be.”

—Jae-Moon Jo, Senior Manager, Digital Media R&D Center



In January 2001, we publicly demonstrated our TCP/IP-based digital home network concept for the first time at the Consumer Electronics Show in Las Vegas, USA. With the network infrastructure and protocol standards now in place, we'll be accelerating development work on network-ready electronics and appliances to fully exploit our competitive advantage in the field. Our iZZi Web Webpad is just a taste of the upcoming Bluetooth-enabled Internet appliances our engineers are working on that will introduce the Internet to a whole new category of consumers.

Our leadership in digital display technology will continue to pave the way for bigger, brighter, thinner, and sharper TVs. These innovations in manufacturing technology as well as digital services will enable us to break into the top-3 in 2001 with a market share exceeding 10%.

In home appliances, we'll extend our market leadership in microwave ovens by boosting production capacity, focusing on high-margin recreational vehicle and commercial models, and expanding sales channels to major retail chains worldwide. Our refrigerator lineup is also projected to continue its high double-digit growth, focusing on high-margin side-by-side and specialized refrigerators for keeping fermented foods, meat, and fruit fresh.



Home Surfer

Surfing the Internet used to tie you down to a desk. But with our new iZZI Web wireless Webpad in hand, your entire home will become your surfing ground.

20

In 2000, we maintained our No. 5 position with 8.5% of the global TV market as we made history by shipping our 100 millionth color TV. Our new 65-inch CRT projection and 50-inch LCoS (liquid-crystal-on-silicon) projection TVs received Innovations 2000 awards at CES 2000, while our 24-inch TFT-LCD TV won an IF Product Design Award from Industrie Forum Design. In the DVD player category, we rose to No. 3 in the market, selling 2.5 million units to secure a global 15.5% stake as we shipped the world's first hybrid game console and VHS VCR players. We also signed on with U.S. satellite broadcaster DirecTV to supply HDTV-capable set-top boxes capable of receiving both satellite and terrestrial analog and digital broadcasts.

It was a banner year for home appliances as microwave oven sales rose over 24%, propelling us into the global No. 1 position for the first time. Best-sellers in some 20 countries, our microwaves now command a 25% market share. Refrigerator sales were also up 25% as our high-margin side-by-side and specialized models enjoyed high double-digit growth.

Our digital home network strategy took a major step forward with the arrival of iZZI Web, the world's first Internet appliance to deliver wireless access using Bluetooth technology. Part of a flexible, modular system, this innovative Webpad promises to change how people surf the Web. And control their homes.

Tantus

2


0% thinner...

The space-saving, pearl-white Tantus 32-inch HDTV will brighten any room it's in. And with the world's shallowest 32-inch picture tube, it'll take up about 20% less space than a standard 32-inch and about the same as a 20-inch. Key features include a built-in DTV tuner, Dolby Pro Logic surround sound, and a second-generation progressive-scan circuit that delivers silky-smooth motion with dramatically improved noise reduction for the ultimate viewing experience.



◆ Mobile Networks

*We're designing the haute couture
of the communications world.*



In the competitive world of mobile haute couture, Samsung consistently steals the show with world-first designs. Like phones with a built-in TV, MP3 player, digital camera, or even a mobile videoconferencing center. And that's what makes them great entertainers as well as great communicators.

3G Mobile Phone

It's a multimedia future. And our 3G phones will let you see, hear, and interact with it wherever you go.

GSM Turns 2.5
GSM is also beginning the transition to 3G. Our SGH-Q100 is the world's fastest GPRS phone to deliver enhanced Internet and data services at 2.5G speeds of up to 115 kbps.

Sound Sense
At 19.8 mm thin and 1.35 kg light, the award-winning NV5000/Sens 760 notebook with the world's first integrated-but-independent MP3 player is a convergence product that truly rocks.

MP3 With Vision
Your music is portable, why not your photos? Our YVP-P64 Yepp Internet audio player is the world's first to let you share digital photos and text when you're on the go.

Guinness Candidate
Our first-generation SPH-WP10 wristwatch phone made it into the 2001 *Guinness Book*. Our smaller and lighter second-generation SPH-S100 may be the first mobile you wear.



"In 1996, Samsung introduced cdmaOne 2G digital mobile communications to the world. In 2000, we made history again by delivering the world's first cdma2000 1x solution as we continued to pioneer the way to global 3G mobile communications. Our mission is simple — we intend to be the world's wireless communications solution leader."

—Ki-Hwa Choi, Senior Engineer, RF/System Laboratory



In 2001, we'll continue work on the communications technologies that'll make us a leader in tomorrow's global 3G mobile multimedia networks. We'll launch our first CDMA and GSM phones built on the Microsoft smart phone platform, giving users seamless access to next-generation wireless information and entertainment services. We'll also expand our cdma2000 1x and GPRS mobile phone offerings.

During the year, we expect our cdma2000 1x network solution to be deployed nationwide in Korea. As part of our market diversification efforts, we'll also continue work on network solutions for W-CDMA, the 3G migration choice for today's GSM networks.

Samsung notebook PCs will continue to get lighter, thinner, and faster in the coming year. We intend to maintain our commanding 50% market share at home as we build on our impressive 100% sales growth that pushed overseas revenues to US\$3.3 billion in 2000. Our Yepp Internet audio player and Nexca digital camera lines will also continue to gain convergence features and connectivity options that will empower them to become even more active participants in tomorrow's mobile networks.



NO.



SCH-X120 cdma2000 Mobile Phone

As the maker of the world's first cdma2000 1x mobile phone, we continue to roll out new upscale models like the SCH-X120 that are helping bring the promise of true global 3G communications one step closer in style.

1 in CDMA

Samsung continues to lead in CDMA mobile communications technology, an area we helped pioneer with the world's first commercial service in 1996. We've sold the world's most CDMA-based cellular and PCS phones for the past four years running. And what's even more gratifying is the fact that our SCH-3500 was the best-selling phone in the U.S. in 2000, capturing an amazing 28% market share as it helped us surpass the 10-million-unit sales milestone in that market in just three short years.



CDMA Goes 2.5G

Our comprehensive cdma2000 1X solution allows existing cdmaOne cellular and PCS operators to seamlessly upgrade their networks without downtime or backward-compatibility issues.

In 2000, we led the global CDMA phone industry for a fourth straight year as we shipped a new lineup of convergence phones with MP3 player, TV, digital camera, and Internet functionality. In a first for any Korean-made product, we made it into the 2001 edition of the *Guinness Book of World Records* for the world's smallest cell phone TV (SCH-M220) and wristwatch phone (SPH-WP10). We also introduced the world's first cdma2000 and fastest GPRS phones, heralding the arrival of 2.5G mobile communications services.

During the year, we teamed up with 3Com to develop the world's first 3G network solution based on cdma2000 1X technology. Backwardly compatible with existing cdmaOne networks, the new system made the world's first cdma2000 1X test call in May and was deployed in the Seoul metropolitan area with commercial service starting October 1. Features of the new system include double the channel capacity and data rates of up to 144 kbps.

Enjoying 100% growth in sales in 2000, we continued to make portable computing even more convenient with the launch of new highly-rated line of Pentium III notebooks. We also continued to expand our line of digital cameras, adding 1.3- and 2.1-megapixel models with 3X optical zoom and 1.8-inch color LCD screens.

 Office Networks



*We're helping people get
the big picture of the future.*



These days, you almost have to be a futurist to keep up the breakneck pace of technology. Samsung is working to show everyone the “big picture” of where technology is headed, empowering people to express themselves in new ways on screen, on paper, on optical media, and on the Internet. Get the picture?

SynMaster 240T 24-inch TFT-LCD Monitor

Easily displaying two A4-size pages side-by-side with room to spare, this massive flat-panel monitor will change the dynamics of desktop computing.

All-In-Wonder

With an 866-MHz Pentium III, 30 GB hard drive, and the world's first 1,400 x 1,050-pixel 15-inch TFT-LCD display, the award-winning M1500 is the ultimate all-in-one desktop computer.

Page Burner

Printing at 35 ppm, the M1-3550 A3-over-size business laser promises to outrun the competition in speed, features, and total cost of ownership.

Digital Imagemaker

Our new Nexca SDC-2002 makes capturing those special moments easy with 2.11-megapixel resolution, five intelligent exposure modes, a 6x zoom (3x optical/2x digital), and a bright 1.8-inch TFT-LCD display.

Enterprising Communications

Today's businesses are looking for a comprehensive, integrated communications solution. And the InfoMobile PBX delivers it with seamless, scalable support for CDMA wireless, voice-over-IP, data, and standard phone networks.



“The world is flat. At least the monitor world of the future is. And Samsung is a leader in bringing flat-screen CDT and flat-panel TFT-LCD monitors to the desktop. Our latest development is a 24-inch TFT-LCD monitor with a record-setting WUXGA resolution of 1,920 x 1,200 pixels that'll give computer users plenty of room to create their own flat digital worlds.”

—Byung-Woo Kang, Vice President, Flat Panel Display R&D Team



In 2001, we'll continue to challenge the limits of display technology as we deliver the clearest, sharpest, most ergonomic visual access to office networks with the most-advanced CDT and TFT-LCD monitors available. These flagship products will continue to enhance the SyncMaster brand image as we mount a major marketing push to capture 25% of the market backed by a new fourth-generation TFT-LCD manufacturing line that'll boost output to 3 million units annually.

In the desktop PC category, our market leadership in virtually every major component area will ensure we maintain a 50%-plus share of the Korean market in the coming year. We also plan to step up marketing of our MagicStation PC brand in international markets, focusing on leading-edge products like the all-in-one M1500 with a high-resolution 1,400 x 1,050 SXGA+ TFT-LCD display.

2001 will also mark our full-scale entrance into the business laser category with the mid-year debut of the ML-3550 35-ppm A3-oversize laser printer. With unique features like standard full-speed duplex printing and the lowest cost-per-page in the class, this printer engine will also pave the way for our entry into the high-speed digital copier field before year-end.





Multimedia Goes Flat

Featuring a TV tuner, picture-in-picture, and inputs for any analog video source, the 171MP brings a sharp, stylish 1,280 x 1,024-pixel multimedia viewing experience to any desktop.

32 In 2000, we once again dominated the global monitor

market with a 19% stake. Our growing SyncMaster flat-screen CDT and flat-panel TFT-LCD lineup won a remarkable total of 200 top ratings in magazines worldwide. Among the new arrivals during the year were the 2000 IDEA Silver Award-winning 150MP and 170MP multimedia TFT-LCDs, a 22-inch flat-screen CDT monitor, the world's first 24-inch TFT-LCD, and our first LCD projector with a powerful 2,400-lux output.

During the year, we extended our lead in the Korean desktop PC category to 43.6% of the market. Our MagicStation desktops continued to keep pace with the industry trends with 1-GHz PIII and P4 processors, high-tech styling, and an all-in-one design with the industry's highest-resolution 15-inch LCD.

In 2000, we expanded our lead in the computer storage market, capturing 25% of the DVD-ROM and 30% of the combination CD-RW/DVD-ROM drive categories. Our SpinPoint hard drive capacities also continued their rapid growth, doubling to 40 GB.

Printers and fax machines are an increasingly important part of our office network strategy. The year saw us launch the world's first flatbed multifunction ink-jet printer with a built-in SmartMedia™ memory card interface as well as the iF Product Design Award-winning ML-4500 and ML-4600 laser printers.

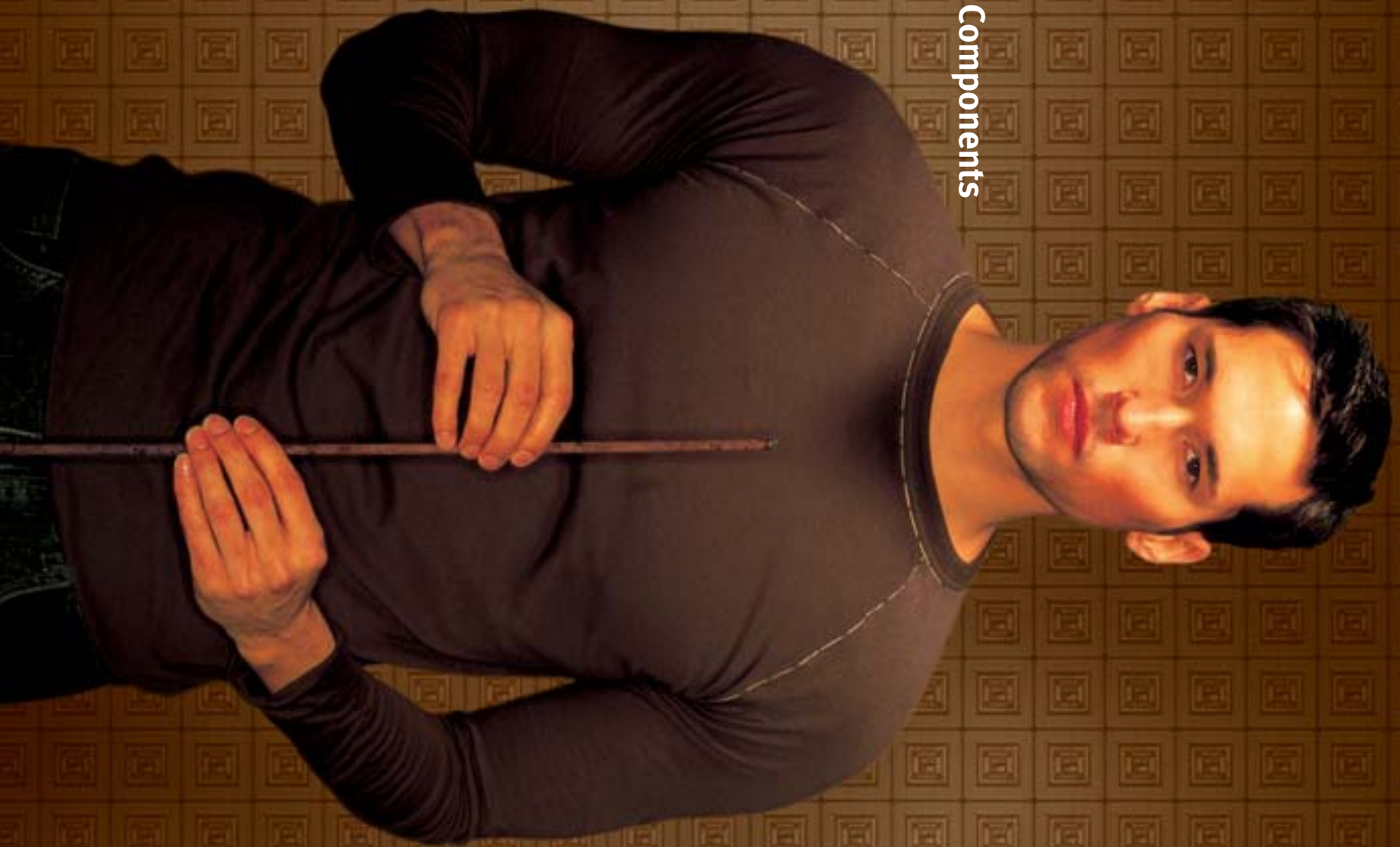
19%

market share

Topping the sales lists in 29 nations, Samsung monitors were hooked up to almost one out of every five computers sold worldwide in 2000. The international media liked them even more, awarding a total of 130 and 43 top ratings to our CDT and LCD monitor families during the year. And as the year came to a close, we marked yet another milestone as we shipped our 100 millionth monitor to date.

SyncMaster 740 DFT 17-Inch Monitor

Samsung brings DynaFlat flat-screen technology to a new price-point in this stylish new package.



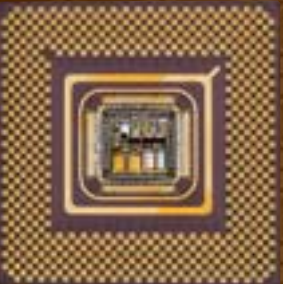
◆ Core Components

*We're turning manufacturers
onto the essence of the digital age.*

It doesn't take much contemplation to realize semiconductors are the life-force of the electronics industry. Samsung derives great inner strength from industry leadership in computer memory and LCD displays as well as a rapidly increasing share of the system-on-chip and optical storage device markets. And electronics manufacturers worldwide are finding that fact very enlightening.

Alpha 21264A 833-MHz Microprocessor

Spectacular bandwidth and a choice of either Unix or Linux operating systems are just two of the reasons our 64-bit Alpha processors are found in some of today's highest-performance

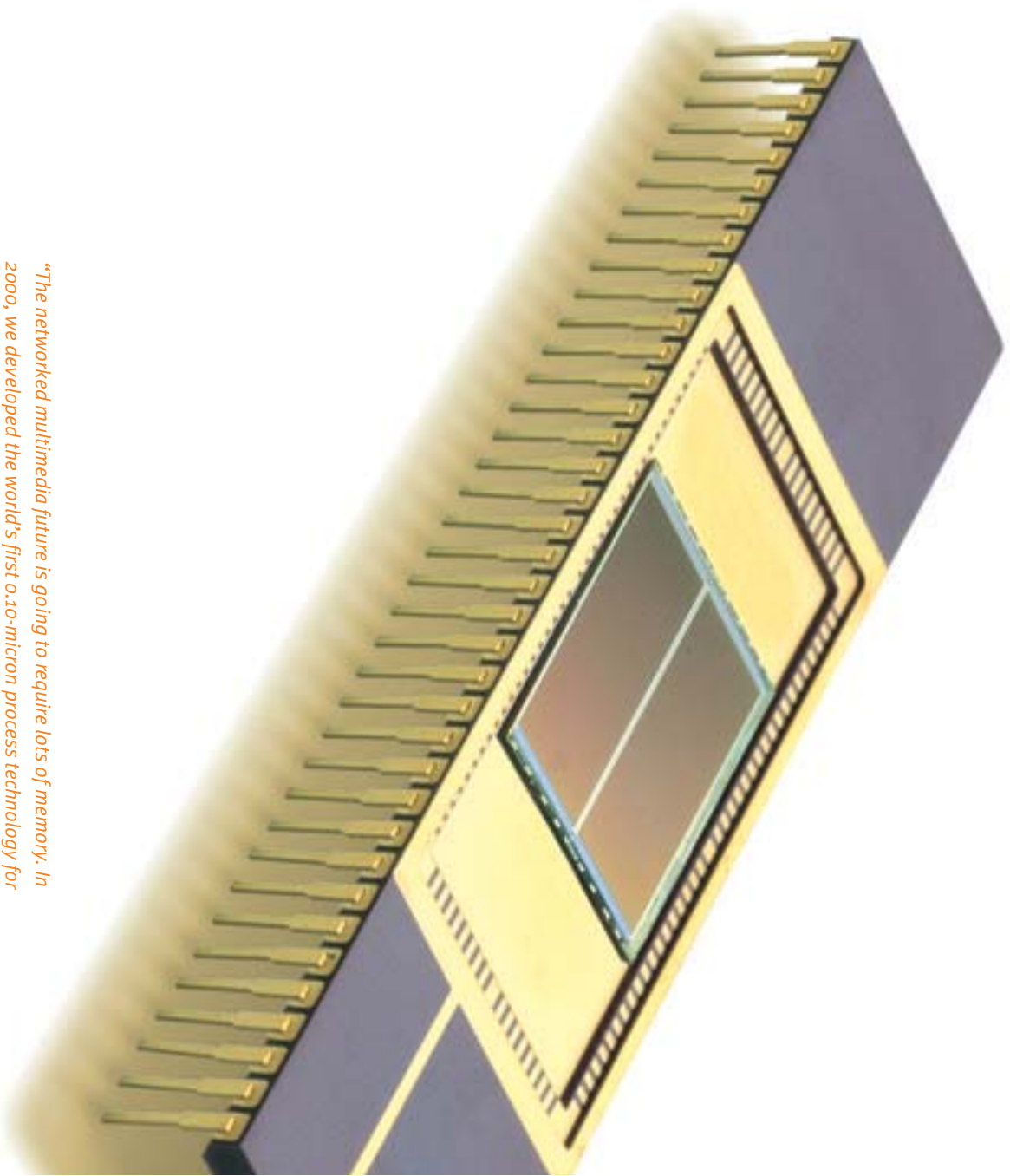


More Memory To Go
Leaping from 0.18-micron to 0.15-micron technology in just a six-month period, we boosted our NAND flash memory chip capacities from 256Mb to 512Mb with the world's smallest die size to date. And 0.12-micron is just around the corner.

Mobile High-Definition
The next generation of cdma2000 1x and GPRS mobile phones are making video-on-the-go a reality. Our new high-resolution 720 x 240-pixel poly-silicon reflective TFT-LCD ensures the viewing experience is as sharp and clear as possible.

Cards With Smarts
Whether it's facilitating e-commerce, building customer loyalty, paying for a phone call or bus fare, or simply providing identification, our full-range of contact and contactless smart cards are the perfect solution.

Wafers Grow Up
Our new 12-inch wafer fabrication technology will allow us to produce over twice as many chips per wafer as today's 8-inch lines, giving us a major competitive advantage as the industry moves to higher-margin 256Mb and 512Mb chips.



“The networked multimedia future is going to require lots of memory. In 2000, we developed the world's first 0.10-micron process technology for the next generation of 4Gb DRAM chips.... This technology will soon be dramatically increasing per-wafer yields of our 128Mb and 256Mb chips as we lead the industry in introducing higher-capacity, higher-margin 512Mb and 1Gb chips.”

—Su-jin Ahn, Senior Engineer, Technology Development Team

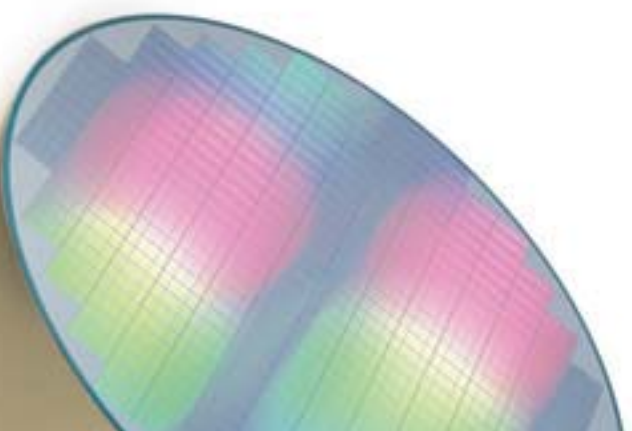
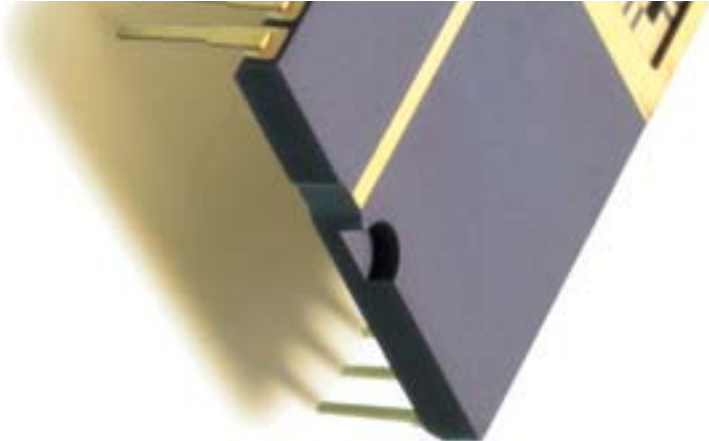




In 2001, we'll continue to push our fabrication process technology below the 0.10-micron level and add 12-inch fabrication technology as we aim for significant new economies of scale. Our continuous pursuit of higher-capacity, higher-margin memory products will keep us comfortably No. 1 in this area. In particular, a strategic alliance with Intel will provide us with the funding for necessary testing and validation equipment that will help us boost output of third-generation 128Mb RDRAM to 10 million chips monthly in early 2001 and 20 million in the second half of the year, giving us a market share of over 50% in this high-performance memory area.

During the year, we'll continue our diversification into non-memory semiconductor fields to reduce our exposure to volatile memory markets. Focusing on the system-on-chip, LCD driver IC, and smart card fields, our system large-scale integration business will concentrate on solid growth opportunities with existing cash-cow as well as new high-margin products.

Hand-in-hand with ongoing work on larger, higher-resolution TFT-LCDs, we'll allocate more resources on small and medium-size LCD development to meet increasing demand for higher-quality displays for PDAs, mobile phones, Internet appliances, and other portable digital devices.



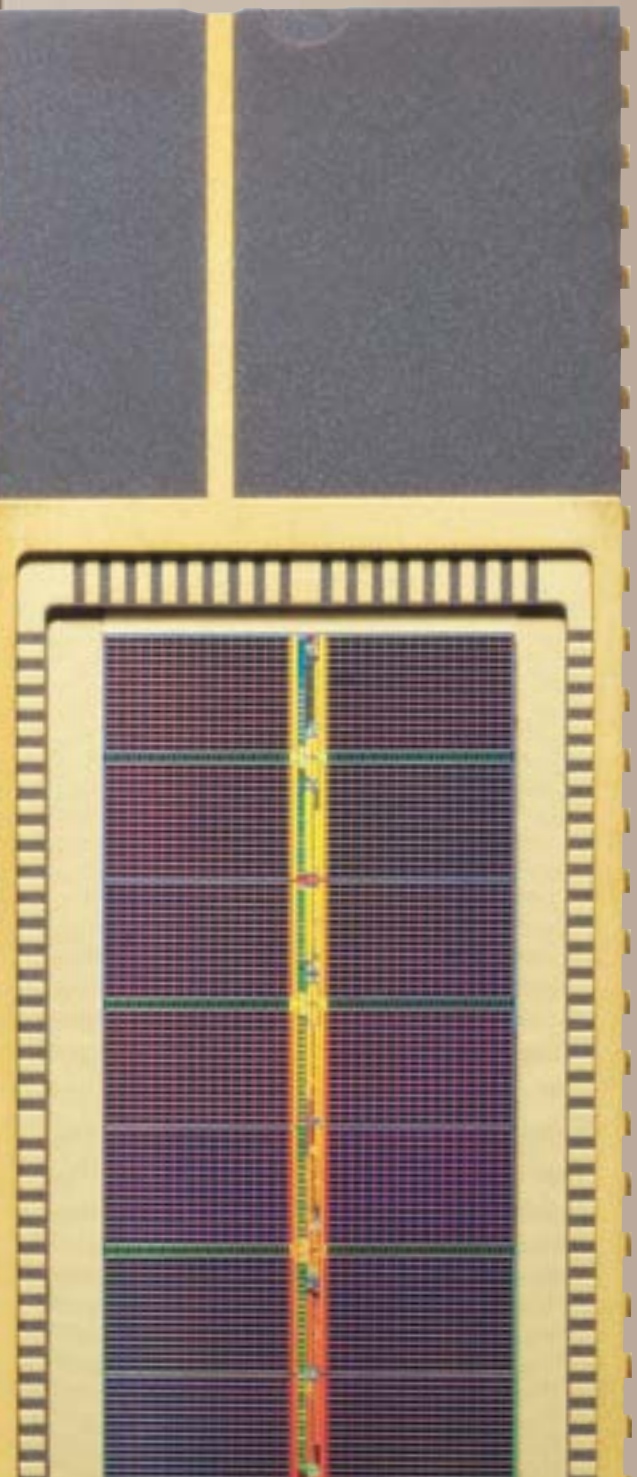


Memory Breaks 1 GHz

Our new 0.17-micron technology has boosted the speed of our third-generation RDRAM memory chips by over 30% from 800 MHz to 1,066 MHz as well as increased per-wafer yields by 25%.

In 2000, we marked our 8th consecutive year at the top of the memory business, capturing 21% of the DRAM and the SRAM markets. Among the year's key developments were a 0.12-micron 512Mb SDR/DDR DRAM, 128MB SmartMedia™ flash memory card, 500-Mbps 128M DDR SDRAM, 0.17-micron 288Mb RDRAM, 0.15-micron 512Mb NAND flash memory, and 0.10-micron process technology that'll pave the way for

0.13-mi



next-generation 4Gb devices.

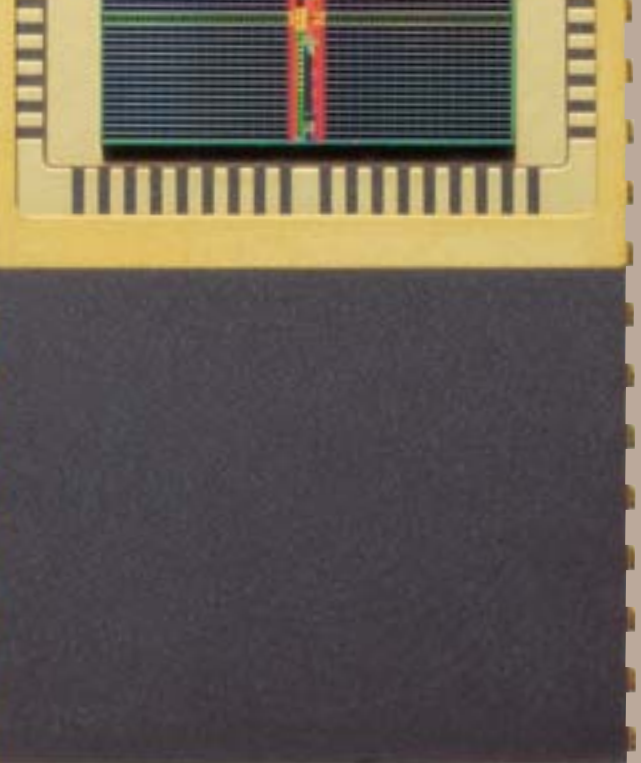
In non-memory fields, we focused on honing our competitive edge during the year as we developed Right Ware, the industry's first CAD software design tool for system large-scale integration chips. In addition to helping us reduce the initial stage of chip development time by at least 20%, Right Ware will save us approximately US\$2 million annually in

software licensing fees.

During the year, we also maintained our No. 1 ranking in the TFT-LCD industry for a 3rd straight year with a 20.1% market share, recording US\$3 billion in sales as production surpassed 6.11 million panels. Early in the year, we reintroduced our TFT-LCD panel lineup under the WiseView™ name to strengthen our branding as we rolled out a 2-inch

Cron leader

When we unveiled the world's first 1Gb DDR DRAM in mid-1999, it became the first memory chip to use 0.13-micron process technology, the first DRAM chip to operate at 350 MHz, and the smallest 1Gb chip with a 30% to 40% smaller die size. This groundbreaking technology dramatically improved our cost-competitiveness in 2000, more than doubling per-wafer yields of our 64Mb, 128Mb and 256Mb chips as it removed the immediate need to invest in expensive 12-inch wafer lines.



the vision:

leading the digital convergence revolution

the strategy:

Digital-£ Company year zero

Samsung Electronics is an electronics industry leader with 66,000 employees and operations in some 50 countries around the globe. We're currently the world's top-selling brand in six core product areas—memory chips, TFT-LCDs, computer monitors, micro-wave ovens, DVD-ROM drives, and CDMA mobile phones—and a top-ten player in numerous others.

Our Semiconductor Business Group maintained a commanding 20% market share in the DRAM, SRAM, and TFT-LCD markets in 2000 as we continued to diversify into non-memory areas to reduce our exposure to memory market volatility, focusing on high-growth, high-margin areas such as small and medium-size TFT-LCDs, smart cards, and system-on-chip products.

Our Information & Communications Business Group stayed No. 1 in CDMA phone sales during the year as we introduced the world's first 2.5G GPRS and cdma2000 1x mobile phones, marking an important first step in the migration to global 3G mobile service. We demonstrated a complete working solution for cdma2000 1x at the Sydney Olympic Games as well as supplying all the wireless communications equipment and technical assistance to ensure the world's greatest sports festival went as smoothly as possible. We also acquired TLL 9000 certification—the communications industry's equivalent of ISO 9001—for our entire wired and wireless product lineup, including the world's first in the radio access network equipment and phone software categories.

Our Digital Media System and Home Appliances Business Groups continued to move away from single-function, low-margin commodity products to multifunction, high-margin convergence products like a combination DVD player/VHS recorder, an MP3 player capable of storing and displaying digital photos, and the world's thinnest notebook PC with an industry-first integrated-but-independent MP3 player. We also marked our 10th straight year at the top of the computer monitor category with 19% of the global market and our first in the microwave oven category, shipping over 7 million units to capture 25% of the world market.

The record-breaking financial performance we achieved in 2000 was a culmination of several factors. Our ongoing restructuring efforts since the 1997 Korean financial crisis and a select-and-focus strategy helped us make a total commitment to investing in growth businesses and exiting marginal ones. Operational innovations also played a key role as we successfully reengineered and systemized business processes around customers and markets.

During the year, we achieved our global supply chain management goal of order fulfillment within five days for all monitor, memory, and TFT-LCD module products, a system we're now in the process of expanding to our audio/video, home appliance, mobile phone, and printer product lines. In addition to completing implementation of a global ERP system at 70 worksites for real-time access to logistics and financial information throughout our global manufacturing and sales networks, we also carried out 720 Six Sigma projects and added 3,800 black belts to our ranks as we significantly improved both product quality and customer satisfaction on our way to a cost savings of 180 billion won.

Expanded investment in R&D in 2000 enhanced our ability to proactively respond to changing markets and customer requirements. We invested 1.8 billion won or 5.3% of sales—a 12.5% year-on-year increase in monetary terms—in developing tomorrow's digital network technologies at our nine-center global R&D network. Our staff of 13,000 engineers was hard at work adding links to the value chain and acquiring key Internet technologies as it created new convergence products and enhanced our capability to leverage the latest developments in the rapidly changing digital landscape.

Building on accomplishments in recent years that have included participation in the development of the 4.7 GB DVD specification and the contribution of three MPEG-2 technologies to the MPEG-1A patent pool, we continued to steadily move from standard-adopter to standard-maker by contributing a technology specification for digital image compression to the MPEG-4 patent pool in 2000 as we accelerated our pioneering development work in the 3G mobile communications and double-data-rate DRAM fields. These efforts helped us win 1,442 US patents during the year, making us the No. 4 innovator in the world's biggest technology market for a third consecutive year.

Individually and collectively, the achievements mentioned above have helped set the stage for the next phase of our corporate growth—value innovation. We expect our Digital - E Company strategy launched in late 2000 to have a profound impact on our bottom line in 2001 as we focus our considerable resources on creating tomorrow's digital technologies and solutions as well as building a cutting-edge global supply chain management system that'll rapidly move us toward our goal of leading the digital convergence revolution.



An Olympic Rendezvous with Samsung

If you want to reach consumers worldwide, you've got to speak their language. At Samsung, we've spent the past two decades becoming fluent in the universal "language" of sports, sponsoring a growing number of international events including the prestigious Samsung Nations Cup equestrian team championship series, the Asian Games, Samsung Running Festival 5 km fun runs, and dozens of professional and amateur sports teams worldwide. But our biggest and most meaningful involvement with sports is our successful relationship with the Olympic Movement as the Worldwide Wireless Communications Equipment Partner of the Olympic Games.



©Yonhap

Since 1997, we've helped keep the Olympic Games running smoothly with state-of-the-art wireless communications technology. However, our presence at the 2000 Sydney Games was much more than just about mobile phones and two-way radios. Our Olympic Rendezvous@Samsung pavilion in Olympic Park drew more than 1.1 million visitors, giving athletes a place to relax, spectators entertainment from around the world, and everyone an up-close look at how Samsung 3G mobile communications technology will change their future. We look forward to bringing the world even closer together at the upcoming 2002 Salt Lake Winter Games and 2004 Athens Summer



Volunteers Make All the Difference

At Samsung, corporate citizenship is a responsibility we take very seriously. Recognized by the Washington D.C.-based Points of Light Foundation in 1998 with the prestigious Award for Excellence in Corporate Community Service, we continue to actively develop programs and support the over 10,000 employees who volunteer their time to help the disabled and disadvantaged, protect the environment, and promote computer literacy to make their local communities better places to live. In 2000, we reached out to the world's less fortunate children by contributing 600 million won to UNESCO that will be used to fund educational programs for needy children in 15 countries worldwide.

Financial Report 2000

[48] Report of Independent Accountants

[49] Balance Sheets

[52] Statements of Income

[53] Statements of Appropriations of Retained Earnings

[54] Statements of Cash Flows

[56] Notes to Financial Statements

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

Report of Independent Accountants

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

We have audited the accompanying balance sheets of Samsung Electronics Co., Ltd. as of December 31, 2000 and 1999, and the related statements of income, appropriations of retained earnings and cash flows for the years then ended, expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2000 and 1999, and the results of its operations, the changes in its retained earnings and its cash flows for the years then ended in accordance with financial accounting standards generally accepted in the Republic of Korea.

The following matters do not affect our audit opinion but will be helpful to the readers in reasonable decision making.

As discussed in Note 21 to the financial statements, the Company had sales of ₩1,327,597 million and US\$13,533,592,000 to subsidiaries and affiliated companies within the Samsung Group during the year ended December 31, 2000. Related accounts receivable as of December 31, 2000 amounted to ₩949,166 million and US\$162,185,000.

As discussed in Note 14 to the financial statements, in June 1999, Samsung Motors Inc. ("SMI"), an affiliate of the Company, filed a petition for court receivership. In connection with this petition, the Company and 30 Samsung Group affiliates (the "Affiliates") entered into an agreement with the institutional creditors (the "Creditors") of SMI in August, 1999. In accordance with this agreement, the Company and the Affiliates agreed to sell 3,500,000 shares of Samsung Life Insurance Co., Ltd. stock and transfer the proceeds to the Creditors in connection with the petition for court receivership of SMI by December 31, 2000. In the event that the sale proceeds fall short of ₩2,450,000 million, the Company and the Affiliates have agreed to compensate the Creditors for the shortfall by other means, including participation in any equity offering or subordinated debentures issued by the Creditors. Any proceeds in excess of ₩2,450,000 million are to be distributed to the Company and the Affiliates. As of December 31, 2000, the shares in Samsung Life Insurance Co., Ltd. were not sold and certain shareholders of the Company have filed an injunction against the directors of the Company, alleging that the directors were acting in contravention to the law when entering into this agreement. The ultimate effect of these matters on the financial position of the Company as of the balance sheet date cannot reasonably be determined, and accordingly, no adjustments have been made in the accompanying financial statements in relation to these matters.

As discussed in Note 14 to the financial statements, the operations of the Company have been significantly affected, and may continue to be affected for the foreseeable future, by the generally adverse economic conditions in the Republic of Korea and in the Asia Pacific region. The ultimate effect of these significant uncertainties on the financial position of the Company as of the balance sheet date cannot presently be determined, and accordingly, no adjustments have been made in the accompanying financial statements related to such uncertainties.

The amounts expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying financial statements.

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

Balance Sheets

As of December 31, 2000 and 1999

	In Thousands of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
ASSETS				
<i>Current assets:</i>				
Cash and cash equivalents (Note 4)	₩521,883,690	₩526,829,785	\$414,522	\$418,451
Short-term financial instruments (Note 4)	1,409,879,711	648,343,188	1,119,841	514,967
Marketable securities (Note 5)	673,340,493	237,450,347	534,822	188,602
Trade accounts and notes receivable, less allowance for doubtful accounts of ₩129,404,961,000 in 2000 and ₩133,890,311,000 in 1999 (Note 6)	1,162,483,845	1,334,971,347	923,339	1,060,343
Other accounts and notes receivable, less allowance for doubtful accounts of ₩15,232,211,000 in 2000 and ₩29,131,354,000 in 1999	659,700,104	690,544,173	523,987	548,486
Inventories (Note 7)	2,802,763,625	2,261,379,652	2,226,182	1,796,171
Accrued income	88,277,060	21,614,484	70,117	17,168
Advance payments, less allowance for doubtful accounts of ₩14,346,074,000 in 2000 and ₩745,090,000 in 1999	44,286,594	84,940,457	35,176	67,467
Guarantee deposits	160,287,992	171,716,625	127,314	136,391
Other	233,538,148	219,441,221	185,494	174,299
Total current assets	₩7,756,441,262	₩6,197,231,279	\$6,160,794	\$4,922,345
Property, plant and equipment, including revalued portion, net of accumulated depreciation (Note 8)	₩12,324,428,649	₩9,822,251,279	\$9,789,062	\$7,801,629
Equity investments (Note 9)	5,409,741,103	6,050,044,457	4,296,856	4,805,436
Long-term financial instruments, receivables and other assets (Notes 4, 6 and 10)	1,226,228,972	1,559,748,944	973,971	1,238,879
Deferred income tax assets (Note 19)	178,206,497	1,080,526,923	141,546	858,242
Total assets	₩26,895,046,483	₩24,709,802,882	\$21,362,229	\$19,626,531

Continued:

The accompanying notes are an integral part of these statements.

Balance Sheets

As of December 31, 2000 and 1999

	In Thousands of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
LIABILITIES AND SHAREHOLDERS' EQUITY				
<i>Current liabilities:</i>				
Trade accounts and notes payable	₩1,492,046,020	₩1,405,008,718	\$1,185,104	\$1,115,972
Other accounts and notes payable	1,697,547,216	1,613,961,632	1,348,330	1,281,939
Short-term borrowings (Note 13)	14,217	49,511	11	39
Current maturities of long-term debt, net of discounts and premiums on debentures (Notes 12 and 13)	2,357,173,686	1,396,329,672	1,872,259	1,109,078
Accrued expenses	1,162,008,323	733,624,266	922,961	582,704
Dividends payable (Note 16)	422,741,482	342,729,389	335,776	272,224
Income taxes payable (Note 19)	896,957,557	606,942,742	712,437	482,083
Other	579,960,001	682,225,510	460,651	541,880
Total current liabilities	₩8,608,448,502	₩6,780,871,440	\$6,837,529	\$5,385,919
Long-term debt, less current maturities (Note 12)	₩493,102,602	₩2,933,429,090	\$391,662	\$2,329,968
Foreign currency notes and bonds (Note 13)	1,210,765,542	1,415,529,449	961,688	1,124,328
Other long-term liabilities	245,146,335	160,902,912	194,715	127,802
Accrued severance benefits, net of transfer to the National Pension Fund of ₩27,769,854,000 in 2000 and ₩35,175,071,000 in 1999, and severance insurance fund deposits of ₩190,900,174,000 in 2000 and ₩153,133,724,000 in 1999 (Note 2)	144,736,222	87,501,523	114,961	69,500
Total liabilities	₩10,702,199,203	₩11,378,234,414	\$8,500,555	\$9,037,517

Continued:

The accompanying notes are an integral part of these statements.

Balance Sheets

As of December 31, 2000 and 1999

	In Thousands of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
LIABILITIES AND SHAREHOLDERS' EQUITY				
Commitments and contingencies (Note 14)				
Shareholders' equity:				
Capital stock (Note 1):				
Common stock	₩762,207,995	₩756,074,960	\$605,407	\$600,536
Preferred stock	119,467,135	119,467,135	94,890	94,890
Paid-in capital in excess of par value (Note 1)	3,843,442,538	3,719,943,012	3,052,774	2,954,682
Other capital surplus (Notes 8 and 13)	1,843,210,752	1,834,985,265	1,464,028	1,457,494
Retained earnings (Note 15):				
Appropriated	10,754,395,688	5,241,659,358	8,542,014	4,163,352
Unappropriated	31,409	31,989	25	25
Capital adjustments:				
Treasury stock (Note 17)	(962,247,859)	(427,838,371)	(764,295)	(339,824)
Consideration for conversion rights (Note 13)	29,434,909	85,476,294	23,380	67,892
Gain (loss) on valuation of investments (Note 9)	(287,568,317)	2,005,562,370	(228,410)	1,592,980
Loss on valuation of derivative instruments (Note 14)	(3,272,484)	(3,793,544)	(2,599)	(3,013)
Stock option compensation (Note 18)	93,745,514	-	74,460	-
Total shareholders' equity	₩16,192,847,280	₩13,331,568,468	\$12,861,674	\$10,589,014
Total liabilities and shareholders' equity	₩26,895,046,483	₩24,709,802,882	\$21,362,229	\$19,626,531

The accompanying notes are an integral part of these statements.

Statements of Income

For the years ended December 31, 2000 and 1999

	In Thousands of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Sales (Note 21):				
Domestic	₩10,903,383,976	₩8,850,624,784	\$8,660,353	\$7,029,885
Export	23,380,368,303	17,267,160,967	18,570,586	13,714,980
Total sales	₩34,283,752,279	₩26,117,785,751	\$27,230,939	\$20,744,865
Cost of sales (Note 21)	21,993,377,770	17,661,171,944	17,468,926	14,027,936
Gross profit	₩12,290,374,509	₩8,456,613,807	\$9,762,013	\$6,716,929
Selling, general and administrative expenses	4,855,219,849	3,975,113,690	3,856,410	3,157,358
Operating profit	₩7,435,154,660	₩4,481,500,117	\$5,905,603	\$3,559,571
Non-operating income:				
Interest and dividend income	₩156,427,345	₩227,740,962	\$124,247	\$180,890
Gain on foreign currency transactions	299,070,108	267,472,334	237,546	212,448
Gain on foreign currency translation (Note 23)	34,121,680	261,416,440	27,102	207,638
Gain on valuation of investments using the equity method	871,326,886	298,242,218	692,079	236,888
Other	649,446,121	592,472,848	515,843	470,591
Total non-operating income	₩2,010,392,140	₩1,647,344,802	\$1,596,817	\$1,308,455
Non-operating expenses:				
Interest expense	₩343,367,140	₩721,198,940	\$272,730	\$572,835
Loss on foreign currency transactions	279,048,744	280,490,610	221,643	222,788
Loss on foreign currency translation (Note 23)	237,838,325	106,594,502	188,911	84,666
Other	638,478,440	726,334,345	507,131	576,914
Total non-operating expenses	₩1,498,732,649	₩1,834,618,397	\$1,190,415	\$1,457,203
Ordinary profit	₩7,946,814,151	₩4,294,226,522	\$6,312,005	\$3,410,823
Extraordinary income	153,634,395	-	122,029	-
Extraordinary loss	-	266,258,185	-	211,484
Net income before income taxes	₩8,100,448,546	₩4,027,968,337	\$6,434,034	\$3,199,339
Income tax expense (Note 19)	2,085,918,354	857,565,763	1,656,806	681,148
Net income	₩6,014,530,192	₩3,170,402,574	\$4,777,228	\$2,518,191
Earnings per share (Note 20) (In Korean Won and U.S. Dollars)	₩35,006	₩19,214	\$28	\$15
Diluted earnings per share (Note 20) (In Korean Won and U.S. Dollars)	₩34,393	₩18,848	\$27	\$14.9

The accompanying notes are an integral part of these statements.

Statements of Appropriations of Retained Earnings

For the years ended December 31, 2000 and 1999
Date of appropriations: March 9, 2001 and March 16, 2000

	In Thousands of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Retained earnings before appropriations:				
Unappropriated retained earnings carried over from prior year	₩31,989	₩32,306	\$25	\$26
Cumulative effects of changes in accounting policy (Note 2)	6,761,574	(1,744,477,621)	5,371	(1,385,606)
Additional accrued severance benefits	-	(8,450,909)	-	(6,712)
Interim dividends (Note 16, dividend rate: 10%)	(85,885,559)	(84,663,871)	(68,217)	(67,247)
Net income	6,014,530,192	3,170,402,574	4,777,228	2,518,191
Total retained earnings before approp.	₩5,935,438,196	₩1,332,842,479	\$4,714,407	\$1,058,652
Transfers from voluntary reserves (Note 15):				
Reserve for overseas market development	₩37,990,685	₩53,600,000	\$30,175	\$42,573
Reserve for overseas investment loss	48,400,000	70,199,899	38,443	55,758
Reserve for technology development	184,700,000	274,700,000	146,704	218,190
Reserve for export loss	49,368,985	68,000,000	39,213	54,011
Total transfers from voluntary reserves	₩320,459,670	₩466,499,899	\$254,535	\$370,532
Appropriations (Note 15):				
Legal reserve	₩53,000,000	₩150,000,000	\$42,097	\$119,142
Reserve for business rationalization	1,000,000,000	700,000,000	794,281	555,997
Reserve for technology development	2,000,000,000	606,581,000	1,588,562	481,796
Cash dividends (Note 16)	422,670,457	342,729,389	335,719	272,224
[Common stock: 50% in 2000 and 40% in 1999]				
[Preferred stock: 51% in 2000 and 41% in 1999]				
Reserve for loss on disposal of treasury stock	200,000,000	-	158,856	-
Reserve for facilities investment	2,580,196,000	-	2,049,402	-
Total appropriations	₩6,255,866,457	₩1,799,310,389	\$4,968,917	\$1,429,159
Unappropriated retained earnings carried over to subsequent year	₩31,409	₩31,989	\$25	\$25

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

For the years ended December 31, 2000 and 1999

	In Thousands of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Cash flows from operating activities:				
Net income	₩6,014,530,192	₩3,170,402,574	\$4,777,228	\$2,518,191
Items not involving cash flows:				
Depreciation and amortization	₩2,666,229,096	₩2,739,262,420	\$2,117,736	\$2,175,745
Provision for severance benefits	160,523,572	119,847,588	127,501	95,193
Loss on disposal of property, plant and equipment	23,325,284	51,750,930	18,527	41,105
Gain on disposal of property, plant and equipment	(28,459,459)	(23,523,016)	(22,605)	(18,684)
Loss on disposal of equity investments	36,411,398	32,702,754	28,920	25,975
Gain on disposal of equity investments	(1,016,307)	(106,514,836)	(808)	(84,603)
Loss on foreign currency translation	237,838,325	106,358,633	(692,079)	(236,888)
Gain on foreign currency translation	(27,643,050)	(261,376,425)	188,911	84,479
Gain on valuation of investments using the equity method	(871,326,886)	(298,242,218)	(21,956)	(207,606)
Deferred income taxes	899,310,939	199,038,851	714,306	158,092
Other	283,050,658	526,336,066	224,822	418,058
Total items not involving cash flows	₩3,378,243,570	₩3,085,640,747	\$2,683,275	\$2,450,866
Changes in operating assets and liabilities:				
Trade accounts and notes receivable	₩(697,751)	₩19,068,860	\$(554)	\$15,146
Inventories	(488,361,559)	(475,512,306)	(387,896)	(377,690)
Accrued income	(65,522,394)	3,536,432	(52,043)	2,809
Advance payments	(18,126,650)	21,607,277	(14,398)	17,162
Guarantee deposits	11,449,282	(3,072,795)	9,094	(2,441)
Trade accounts and notes payable	68,396,233	308,456,595	54,326	245,001
Accrued expenses	409,340,228	84,558,898	325,131	67,164
Income taxes payable	290,014,815	564,890,732	230,353	448,682
Payment of severance benefits	(68,872,692)	(110,691,623)	(54,704)	(87,920)
Other	(74,574,885)	408,846,750	(59,234)	324,739
Total changes in op. assets and liabilities	₩63,044,627	₩821,688,820	\$50,075	\$652,652
Net cash provided by operating activities	₩9,455,818,389	₩7,077,732,141	\$7,510,578	\$5,621,709

Continued:

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

For the years ended December 31, 2000 and 1999

	In Thousands of Korean Won		In Thousands of U.S. Dollars (Note 3)	
	2000	1999	2000	1999
Cash flows from investing activities:				
Increase in short-term financial instruments	₩(761,536,523)	₩-	\$(604,874)	\$-
Decrease in short-term financial instruments	-	362,368,502	-	287,823
Proceeds from sale of marketable securities	1,708,799,613	837,207,770	1,357,267	664,978
Acquisition of marketable securities	(2,136,393,351)	(929,344,062)	(1,696,897)	(738,160)
Increase in other accounts and notes receivable	(5,495,533,634)	(2,370,114,943)	(4,364,998)	(1,882,538)
Decrease in other accounts and notes receivable	5,522,883,460	2,448,959,963	4,386,723	1,945,163
Proceeds from disposal of property, plant and equipment	52,860,263	399,277,815	209,649	317,139
Acquisition of property, plant and equipment	(5,036,923,839)	(3,401,866,665)	(4,281,161)	(2,702,039)
Proceeds from sale of equity investments	142,963,660	258,841,067	113,553	205,593
Acquisition of equity investments	(954,452,666)	(1,980,667,389)	(758,104)	(1,573,207)
Increase in long-term financial instruments and other assets	(275,443,541)	(609,048,949)	(218,780)	(483,756)
Decrease in long-term financial instruments and other assets	550,781,633	790,771,403	437,475	628,095
Other	(141,956,097)	3,902,019	11	3,099
Net cash used in investing activities	₩(6,823,951,022)	₩(4,189,713,464)	\$(5,420,136)	\$(3,327,810)
Cash flows from financing activities:				
Proceeds from short-term borrowings	₩1,506,859	₩214,979,206	\$1,197	\$170,754
Repayment of short-term borrowings	(1,542,153)	(453,342,931)	(1,225)	(360,082)
Increase in other accounts and notes payable	15,422,340,509	9,603,870,409	12,249,674	7,628,174
Decrease in other accounts and notes payable	(15,297,532,349)	(9,046,194,581)	(12,150,542)	(7,185,222)
Proceeds from long-term debt	-	722,407,330	-	573,795
Repayment of long-term debt	(391,627,375)	(3,304,344,477)	(311,062)	(2,624,579)
Proceeds from bonds	-	478,410,000	-	379,992
Repayment of current maturities of long-term debt	(1,398,995,814)	(2,064,758,293)	(1,111,196)	(1,639,999)
Issuance of common stock	-	1,567,684,230	-	1,245,182
Payments of dividends	(428,543,923)	(172,423,703)	(340,384)	(136,953)
Proceeds from acquisition of treasury stock	(534,409,488)	-	(424,471)	-
Other	(8,009,728)	(84,243,073)	(6,362)	(66,913)
Net cash used in financing activities	₩(2,636,813,462)	₩(2,537,955,883)	\$(2,094,371)	\$(2,015,851)
Net change in cash and cash equivalents	₩(4,946,095)	₩350,062,794	\$(3,929)	\$278,048
Cash and cash equivalents at beginning of year	526,829,785	176,766,991	418,451	140,403
Cash and cash equivalents at end of year	₩521,883,690	₩526,829,785	\$414,522	\$418,451

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

December 31, 2000 and 1999

1. The Company

Samsung Electronics Co., Ltd. (the "Company") is incorporated under the laws of the Republic of Korea to manufacture and sell electronic goods, communication facilities, semiconductors, telecommunication products and other similar products.

The Company's stock is publicly traded and all issued and outstanding shares are listed on the Korea Stock Exchange.

Under its Articles of Incorporation, the Company is authorized to issue 500,000,000 shares of capital stock (par value ₩5,000), of which 100,000,000 shares are cumulative, participating preferred stock, which are non-voting and entitled to a minimum cash dividend (9% of par value). The non-cumulative, non-voting preferred stock issued on or before February 28, 1997 is entitled to an additional cash dividend (4% of par value) over common stock. As of December 31, 2000, 152,441,599 shares of common stock and 23,893,427 shares of such preferred stock were issued and outstanding.

As of December 31, 2000, major shareholders of the Company's stock, including preferred stock, and their respective shareholdings are as follows:

Shareholder	Number of Shares	Percentage of Ownership (%)
Citibank N.A.	23,958,134	13.59
Samsung Life Insurance Co., Ltd.	10,624,693	6.03
Samsung Corporation	5,917,362	3.36
Lee, Kun-Hee and relatives	5,322,559	3.02
Seoul Bank	3,950,559	2.24
CMB-Europac Growth Fund	2,682,771	1.52
The Government of Singapore	2,462,839	1.40
CMB-CAP RE Emerg. Growth Fund	2,207,122	1.25
Korea Exchange Bank	1,949,946	1.11
CMB-ADIA	1,919,098	1.09

In addition, the Company is authorized to issue convertible debentures with face values of up to ₩4,000 billion (₩3,000 billion for common stock and ₩1,000 billion for preferred stock) and debentures with stock purchase options with face values of up to ₩2,000 billion (₩1,500 billion for common stock and ₩500 billion for preferred stock). The Company is authorized to issue depository receipts with the approval of the Board of Directors. Also, the Company is authorized to issue capital stock through the exercise of stock options or general public subscription and to domestic and

foreign financial institutions for urgent fund raising or to co-operating companies for technical assistance with the approval of the Board of Directors.

The Company has a stock option plan under which options to purchase shares of common stock may be granted to key employees with the approval of shareholders. On March 16, 2000, stock options were granted to 76 employees and directors (see Note 18).

The Company issued 1,226,607 shares of common stock upon the conversion of foreign currency convertible bonds in the amount of US\$46,930,000 during the year ended December 31, 2000 (see Note 13). The cash proceeds in excess of par value of ₩123,500 million were credited to paid-in capital in excess of par value.

As of December 31, 2000, ₩546,427,650,000 (face value of US\$477,080,000) of convertible bonds are outstanding (see Note 13). No debentures with stock purchase options have been issued as of December 31, 2000.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Company in the preparation of its financial statements in accordance with the Financial Accounting Standards of the Republic of Korea are summarized below.

Basis of Financial Statement Presentation

The official accounting records of the Company, on which the Korean language financial statements are based, are maintained in Korean Won in accordance with the laws and regulations of the Republic of Korea.

The accompanying financial statements have been extracted from the Company's Korean language financial statements that were prepared using accounting principles, procedures and reporting practices generally accepted in the Republic of Korea. These standards vary from International Accounting Standards and the accounting principles generally accepted in the country of the reader. The financial statements have been translated from Korean into English, and have been formatted in a manner different from the presentation under Korean financial statement practices. Certain supplementary information included in the Korean language statutory financial statements, but not required for a fair presentation of the Company's financial position or results of operations, is not presented in the accompanying financial statements. Accordingly, the accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Korea.

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Cash, Cash Equivalents and Short-Term Financial Instruments

Cash and cash equivalents include cash on hand and in bank accounts with original maturities of three months or less. Investments which are readily convertible into cash within four to twelve months of purchase are classified on the balance sheet as short-term financial instruments. The cost of these investments approximates fair value.

Marketable Securities

Marketable securities are stated at fair value.

Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts and notes receivable based on the aggregate estimated collectibility of the receivables.

Inventory Valuation

Inventories are stated at the lower of cost or market. Cost is determined by the average cost method, except for materials in transit which are stated at actual cost as determined by the specific identification method.

Property, Plant and Equipment and Related Depreciation

Property, plant and equipment are stated at cost, except for certain assets subject to upward revaluation in accordance with the Asset Revaluation Law of Korea. The revaluation presents production facilities and other buildings at their depreciated replacement cost, and land at the prevailing market price, as of the effective date of revaluation. The revaluation increment, net of revaluation tax, is first applied to offset accumulated deficit and deferred foreign exchange losses, if any. The remainder may be credited to other capital surplus or transferred to common stock. A new basis for calculating depreciation is established for revalued assets (see Note 8).

Depreciation is computed using the straight-line method, based on the estimated useful lives of the assets as described below.

Asset	Estimated Useful Life in Years
Buildings and auxiliary facilities	7 - 60
Machinery and equipment	2 - 10
Tools and fixtures	2 - 10
Structures and others	2 - 40

The Company capitalizes interest expense incurred on borrowings used to finance the cost of constructing facilities and equipment (see Note 8).

Maintenance and Repairs

Routine maintenance and repairs are charged to expense as incurred. Expenditures which enhance the value or extend the useful life of the related assets are capitalized.

Research and Development Costs

Research and development costs are charged to expense as incurred.

Intangible Assets

Intangible assets are state at cost, net of depreciation calculated using the straight-line method based on the estimated useful lives as follows:

Asset	Estimated Useful Life in Years
Goodwill	5
Intellectual proprietary rights	5 - 10
Other Intangibles	2 - 25

Equity Investments in Subsidiaries and Affiliated Companies & Other Investments

All investments in equity and debt securities are initially carried at cost, including incidental expenses. The subsequent accounting for investments by the type of security is as follows.

Investments in marketable equity securities of non-controlled investees, classified as other investments, are carried at fair value. Temporary changes in fair value are accounted for in the capital adjustment account, a component of shareholders' equity. Declines in fair value which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in the capital adjustment account.

Investments in non-marketable equity securities of non-controlled investees, classified as other investments, are carried at cost, except for declines in the Company's proportionate ownership of the underlying book value of the invested company which are anticipated to be permanent. The declines are recorded in current operations, and subsequent recoveries are also recorded in current operations up to the original cost of the investment.

Investments in equity securities of companies over which the Company has the ability to control or exercise significant influence on, classified as equity investments in subsidiaries and affiliated companies, are recorded using the equity method of accounting. Differences between the purchase price and the Company's proportionate ownership of the net book value of the invested company are amortized over 5 years using the straight-line method. Under the equity method, the Company records changes in its proportionate ownership of the book value of the invested

company as current operations, capital adjustments or adjustments to retained earnings, depending on the nature of the underlying change in book value of the invested company.

In accordance with the revised financial accounting standards for consolidation generally accepted in the Republic of Korea, effective March 23, 2000, the Company has changed its accounting policy for additional investments acquired in consolidated subsidiaries. Previously, all goodwill and negative goodwill arising from the additional investment was amortized over 5 years using the straight-line method. As of the current year, such differences that previously resulted in goodwill and negative goodwill are recognized as gain or loss on valuation of investment, a component of capital adjustments.

As a result of this change in accounting policy, beginning retained earnings and net profit for the year ended December 31, 2000 are ₩1,562 million and ₩5,332 million greater, respectively, and the capital adjustment (gain or loss on valuation of investments) is approximately ₩33,356 million less than what would have been reported under the previous accounting method. If the revised accounting method were applied to the previous year ended December 31, 1999, the disclosed amounts for the following accounts would have been as follows:

Account	Millions of Won
Ordinary income	₩4,300,003
Net income	3,174,400
Earnings per share (in Won)	19,242
Diluted earnings per share (in Won)	18,875

Investments in 6 companies including Samsung Electronics India Information & Telecommunication Ltd. which were not valued using the equity method as of December 31, 1999 due to the small scale of their assets, were valued using the equity method as of December 31, 2000. As a result of these changes, unappropriated retained earnings carried over from the prior year are approximately, ₩4,800 million less than what would have been reported under the previous accounting method.

Stock and Debenture Issuance Costs

Stock and debenture issuance costs are credited to capital surplus and debentures.

Accrued Severance Benefits

Employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their employment with the Company, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amount which would be payable assuming all eligible employees terminated their employment at the balance sheet date.

As of December 31, 2000, approximately 53% of the accrued severance benefits are funded through an employee severance

insurance plan with Samsung Life Insurance Company, Ltd. The amounts funded under this insurance plan are classified as a deduction to accrued severance benefits liability. Subsequent accruals are to be funded at the discretion of the Company.

In accordance with the National Pension Act, a certain portion of the accrued severance benefits is deposited with the National Pension Fund and deducted from the accrued severance benefits liability. The contributed amount shall be refunded from the National Pension Fund to employees on their retirement.

Discounts and Premiums on Debentures

Discounts and premiums on debentures represent the difference between the issue price and par value of debentures. Discounts and premiums on debentures are amortized over the redemption period of the related debentures using the effective interest rate method. The amortization of discount on debentures is recorded as interest expense and the amortization of premiums on debentures is deducted from interest expense.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the rates prevailing at the balance sheet date (in the case of U.S. Dollars, US\$1 to ₩1,259) and resulting translation losses and gains are recognized currently.

Foreign currency convertible debentures are translated at a fixed conversion exchange rate in accordance with accounting practices generally accepted in the Republic of Korea.

Income Tax Expense

The Company has adopted the deferred method of accounting for income taxes. Under this method, the future tax effects of temporary differences between the financial and tax bases of assets and liabilities are reflected in the balance sheet.

Valuation of Assets and Liabilities at Present Value

Assets acquired and liabilities incurred through long-term installment transactions and accounts and notes receivables under rescheduled debt payments approved by the Korean judiciary are stated at present value.

Product Warranties and Performance Guarantees

In conformity with accounting practices prevailing in the Republic of Korea, costs related to repairs, service and other work required in accordance with product warranties and performance guarantees are charged to expense when incurred.

Derivative Instruments

The Company utilizes derivative instruments to reduce its exposure to fluctuations in interest and foreign currency exchange rates. Rights or obligations derived from derivative instruments are recorded as assets or liabilities at fair value on an accrual basis. Gains or losses on valuation of derivative instruments are recognized as a component of current operations, except for gains or losses on valuation of derivative instruments used to hedge cash flows, which are recorded as a capital adjustment.

3. Amounts Stated in U.S. Dollars

The Company operates primarily in Korean Won and its official accounting records are maintained in Korean Won. The U.S. Dollar amounts are provided herein as supplementary information solely for the convenience of the reader. Won amounts are expressed in U.S. Dollars at the rate of ₩1,259 to US\$1, the rate in effect on December 31, 2000. This presentation is not in accordance with accounting principles generally accepted in either the Republic of Korea or the United States, and should not be construed as a representation that the Won amounts shown could be converted, realized or settled in U.S. Dollars at this rate.

The 1999 U.S. Dollar amounts were previously stated at the rate of ₩1,145 to US\$1, which was in effect on December 31, 1999.

4. Cash and Cash Equivalents, Short-Term Financial Instruments

Cash and cash equivalents and short-term financial instruments as of December 31, 2000 and 1999 consist of the following:

Asset	Annual Interest Rate (%)		Thousands of Won	
	2000	1999	2000	1999
(1) Cash and cash equivalents				
Cash on hand and in banks	-	₩396,121	₩2,770,492	
Passbook accounts	1	54,243,231	43,081,819	
Money market deposit accounts	5.4 - 5.5	451,841,207	480,095,523	
Foreign currency deposits	-	15,403,131	881,951	
Total cash and cash equivalents		₩521,883,690	₩526,829,785	
(2) Short-term financial instruments				
Installment and time deposits	5.9 - 13	₩1,031,731,500	₩438,401,514	
Foreign currency deposits	0 - 7.3	318,333,711	145,441,850	
Trust deposits	-	-	15,896,324	
Other financial instruments	6.8	60,072,500	50,071,000	
Total short-term financial instruments		₩1,410,137,711	₩649,810,688	
Less: portions classified as non-current		(258,000)	(1,467,500)	
Total		₩1,409,879,711	₩648,343,188	

At December 31, 2000, bank deposits of ₩35,968 million are pledged as collateral for certain short-term borrowings and are subject to restriction from withdrawal (See Note 11).

5. Marketable Securities

Marketable securities as of December 31, 2000 and 1999 consist of the following:

Asset	Annual Interest Rate (%)		Thousands of Won	
	2000	1999	2000	1999
Beneficiary certificates	5 - 6.8	₩672,708,231	₩237,257,709	
Bonds	5 - 6	632,262	192,638	
Total		₩673,340,493	₩237,450,347	

At December 31, 2000, marketable securities of ₩3,160 million are restricted from withdrawal.

6. Trade Accounts and Notes Receivable, and Valuation at Present Value

The outstanding balance of trade accounts and notes receivable sold to financial institutions as of December 31, 2000 and 1999 are as follows (see Note 14):

Asset	Millions of Won	
	2000	1999
Asset backed securities with limited recourse	₩-	₩1,953
Export accounts and notes receivable with recourse	2,427,993	1,523,803
Trade notes receivable with recourse	243,981	199,909
Trade accounts receivable without recourse	128,895	113,626
Trade accounts receivable with recourse	71,015	-
Total	₩2,871,884	₩1,839,291

60

Accounts which are valued at present value under rescheduled payment and long-term installment transactions are as follows:

Account	Millions of Won		
	Face Value	Discount	Present Value
Long-term installment transactions			
Long-term trade receivables	₩5,867	₩375	₩5,492
Other long-term receivables	403,694	58,034	345,660
Rescheduled			
Long-term trade receivables and other assets	5,607	1,041	4,566
Total	₩415,168	₩59,450	₩355,718

7. Inventories

Inventories as of December 31, 2000 and 1999 consist of the following:

Inventory	Millions of Won	
	2000	1999
Finished goods and merchandise	₩737,544,326	₩572,945,964
Semifinished goods and work in process	982,591,087	666,500,256
Raw materials and supplies	952,276,658	909,922,532
Materials in transit	130,351,554	112,010,900
Total	₩2,802,763,625	₩2,261,379,652

Inventories are insured against fire and other casualty losses up to ₩2,357,936 million at December 31, 2000.

At December 31, 2000, ₩245,583 million of land and construction in progress held for resale are included in the finished goods and merchandise account. Related interest costs of ₩10,048 million and ₩29,885 million have been capitalized for the years ended December 31, 2000 and 1999, respectively.

8. Property, Plant and Equipment

Property, plant and equipment as of December 31, 2000 and 1999 consist of the following:

Property, Plant & Equipment	Millions of Won	
	2000	1999
Buildings and auxiliary facilities	₩2,420,800,450	₩2,046,105,987
Machinery and equipment	12,498,044,648	8,406,254,860
Tools and fixtures	1,047,094,582	924,901,314
Structures and other	219,483,897	173,440,082
Less: accumulated depreciation	₩16,185,423,577 (6,799,853,811)	₩11,550,702,243 (4,380,933,468)
Land	₩9,385,569,766	₩7,169,768,775
Construction in progress	1,778,542,402	1,708,831,071
	1,160,316,481	943,651,433
Total	₩12,324,428,649	₩9,822,251,279

At December 31, 2000, certain portions of the Company's property, plant and equipment, up to a maximum of ₩1,133,413 million, are pledged as collateral for various loans from Korea Development Bank (see Note 12).

As of December 31, 2000, property, plant and equipment are insured against fire and other casualty losses and business interruption losses up to ₩26,869,541 million and ₩6,336,077 million, respectively. Of the insured amount, Korea Development Bank is the beneficiary for ₩789,621 million, held as collateral for borrowings.

At December 31, 2000 and 1999, the value of land based on the posted price issued by the Korean tax authority is ₩1,277,325 million and ₩1,099,429 million, respectively.

Interest costs of ₩82,245 million and ₩45,418 million were capitalized for the year ended December 31, 2000 and 1999, respectively.

In accordance with the Asset Revaluation Law, on January 1, 1980, 1982, 1998, and April 1, 1999, the Company revalued a substantial portion of its property, plant, equipment and investments in equity securities in equity securities by ₩3,054,518 million. The remaining revaluation increments of ₩1,216,054 million, net of revaluation tax and credits to deferred foreign currency translation losses, were credited to other capital surplus, a component of shareholders' equity.

The Company has also reversed the revaluation of property, plant, equipment and investment performed on April 1, 1999 as allowed for in the Asset Revaluation Law for assets which are sold within a year of the revaluation date. As a result, ₩2,819 million was deducted from other capital surplus.

9. Equity Investments

Equity investments in subsidiaries and affiliated companies, and other investments as of December 31, 2000 and 1999 consist of the following:

	Thousands of Won			
	2000	1999		
	Percentage of Ownership	Acquisition Cost (Net Book Value)	Recorded Book Value	Recorded Book Value
Subsidiaries:				
Samsung Electronics Canada, Inc.	100.00	₩37,910,597	₩37,068,405	₩37,409,624
Samsung Electronics America, Inc.	100.00	752,108,617	373,057,625	350,001,625
Samsung Electronics Latinamerica				₩32,929,230
Panama (Zone Libre) S.A.	100.00	43,842,300	55,551,280	63,895,606
Samsung Electronics Mexicana S.A. de C.V.	100.00	30,767,040	42,820,958	39,171,013
Samsung Electronics Argentina S.A.	100.00	50,227,700	38,081,434	37,310,963
Cagent Technologies, Inc.	91.48	22,162,492	19,745,210	20,334,100
Alpha Processor, Inc.	87.50	32,189,788	26,514,993	17,602,340
Samsung Electronics Iberia, S.A.	100.00	65,221,118	75,865,753	60,795,407
Samsung Electronics Svenska AB	100.00	16,153,454	16,329,882	16,424,831
Samsung Electronics Hungarian Co., Ltd.	100.00	48,397,117	46,970,685	49,339,949
Samsung Electronics Portuguesa S.A.	100.00	12,594,046	12,038,192	11,307,056
Samsung Electronics France S.A.	100.00	39,433,410	36,928,045	35,616,262
Samsung Europe PLC	100.00	179,626,805	190,442,863	162,689,875
Samsung Electronics Holding GmbH	100.00	77,607,622	58,022,145	47,226,773
Samsung Electronics Italia, S.p.A.	100.00	56,778,556	48,240,321	47,154,194
Samsung Electronics Benelux B.V.	100.00	38,334,024	36,442,709	40,316,777
Samsung Electronics Polska, Sp.Zo.O	100.00	20,097,600	15,780,637	15,623,487
Samsung Electronics South Africa (Pty) Ltd.	100.00	39,829,558	4,139,733	3,595,491
Samsung Electronics Overseas B.V.	100.00	119,898	24,728,566	2,302,079
Uzbekistan Samsung Electronica Co., Ltd.	80.00	3,341,000	2,624,966	4,041,131
Samsung Electronics India Private, Ltd.	100.00	6,444,200	8,224,621	7,583,935
Samsung Electronics Hong Kong Co., Ltd.	100.00	48,397,188	61,451,381	65,292,556
Samsung Electronics Taiwan Co., Ltd.	100.00	1,524,856	1,524,856	9,171,375
Samsung Electronics Suzhou Semiconductor Co., Ltd.	100.00	46,189,260	80,373,051	82,671,064
Samsung (China) Investment Co., Ltd	100.00	36,427,936	35,559,892	48,623,694
Tianjin Samsung Electronics Display Co., Ltd.	59.17	9,895,816	19,017,566	21,251,186
Suzhou Samsung Electronics Co., Ltd.	82.41	60,432,457	45,774,348	47,268,539
Tianjin Samsung Electronics Co., Ltd.	85.82	47,930,825	50,262,573	49,238,518
Shandong Samsung Telecommunications Co., Ltd.	59.00	13,307,035	19,498,302	17,805,913
Samsung Yokohama Research Institute	100.00	33,991,706	65,845,110	65,845,110
Samsung Electronics Australia Pty. Ltd.	100.00	40,457,800	32,971,530	33,718,954
Samsung Electronics Malaysia Sdn. Bhd.	100.00	4,378,136	29,272,560	26,197,362
Samsung Gulf Electronics Co., Ltd.	100.00	7,976,308	13,528,188	10,973,267
P.T. Samsung Electronics Indonesia	100.00	56,910,316	35,271,021	27,913,474
Samsung Electronics Display (M) Sdn. Bhd.	75.00	21,876,246	41,867,063	40,043,788

Continued:

9. Equity Investments, Continued

	2000		Thousands of Won		1999	
	Percentage of Ownership	Acquisition Cost	Market Value (Net Book Value)	Recorded Book Value	Recorded Book Value	
Samsung India Electronics, Ltd.	73.87	₩15,526,467	₩20,569,458	₩21,261,110	₩15,387,943	
Samsung Asia Private, Ltd.	70.00	20,454,044	66,333,455	89,033,174	53,907,380	
Samsung Vina Electronics Co., Ltd.	81.62	13,531,704	16,273,828	16,079,981	15,677,406	
Thai Samsung Electronics Co., Ltd.	91.50	37,422,945	34,255,673	29,371,870	25,416,928	
Novita Co., Ltd.	96.14	29,991,151	29,142,399	29,000,155	23,090,236	
Samsung Kwangju Electronics Co., Ltd.	94.25	192,675,696	284,948,785	277,079,813	155,753,593	
Samsung Capital Co., Ltd.	75.03	230,849,938	230,215,509	263,587,477	222,920,398	
Samsung Card Co., Ltd.	56.59	153,387,755	397,694,988	422,344,859	234,398,940	
STECO, Ltd.	51.00	12,239,960	18,729,136	18,353,237	14,217,607	
DNS Korea Co., Ltd.	61.08	6,542,382	17,686,472	6,146,792	3,941,894	
Samsung Electronics Service Co., Ltd.	83.33	29,999,990	36,790,237	33,814,936	32,934,818	
Korea Electronics & Information Distribution Co., Ltd.	96.77	30,000,000	38,692,144	39,591,631	-	
Blueteck ITL	100.00	22,993,240	29,993,255	33,219,004	-	
Bokwang VFUND	83.33	5,000,000	6,329,003	6,329,003	-	
Bokwang XFUND	81.82	9,000,000	9,000,200	9,000,200	-	
SVIC I Fund	99.00	9,900,000	9,948,323	9,948,323	-	
SVIC II Fund	99.00	29,700,000	30,893,377	30,893,377	-	
SVIC III Fund	99.00	19,800,000	20,444,785	20,444,785	-	
SVIC IV Fund	65.67	98,500,000	102,692,786	102,692,786	-	
SVIC V Fund	99.00	29,700,000	29,741,079	29,741,079	-	
Samsung Corning Micro-Optics Co., Ltd.	50.00	28,135,800	26,701,530	26,701,530	-	
Samsung Thomson-CSF Co., Ltd.	50.00	135,000,000	133,752,226	-	-	
Samsung Glass America, Inc.	-	-	-	-	2,509,254	
PrimeTel, Ltd.	-	-	-	-	14,218,067	
Tianjin Tongguang Samsung Electronics Co., Ltd.	-	-	-	-	28,425,751	
Affiliated companies:						
Samsung Portugal Produtos Electro-Mechanicos S.A.	24.15	2,123,880	1,766,443	1,742,504	2,487,701	
Samsung Electronics (UK), Ltd.	5.17	8,280,489	8,857,024	7,122,282	6,305,140	
Syrian-Korean Telecommunication Equipment Manufacturing Establishment Co., Ltd.	49.00	2,060,925	4,578,192	4,578,192	3,325,921	
Samsung Electronics Huizhou Co., Ltd.	44.88	16,390,839	27,244,272	23,721,093	37,876,046	
Samsung Japan Co., Ltd.	49.00	47,766,973	82,082,042	37,176,293	53,351,029	
Union Optical Co., Ltd.	20.00	17,388,905	1,274,366	1,274,366	3,153,721	
Samsung SDI Co., Ltd.	19.32	423,721,523	457,120,673	488,122,167	-	
Samsung Electro-Mechanics Co., Ltd.	22.80	359,237,063	387,230,169	405,271,665	266,167,164	
Samsung Techwin Co., Ltd.	22.93	196,321,791	147,717,981	222,859,819	211,725,943	
Seoul Comtech Co., Ltd.	30.30	4,191,977	12,758,519	12,037,741	5,174,213	
Samsung Economic Research Institute	29.80	17,880,000	18,116,210	18,087,984	9,027,093	
Samsung SDS Co., Ltd.	26.27	12,752,735	33,544,429	28,057,349	26,324,854	

Continued;

9. Equity Investments, Continued

	2000		1999	
	Percentage of Ownership	Acquisition Cost (Net Book Value)	Market Value (Net Book Value)	Recorded Book Value
Unitel Co., Ltd.	29.07	₩5,213,925	₩14,092,076	₩8,097,545
Samsung Corning Co., Ltd.	45.29	94,263,035	269,615,291	266,813,817
Samsung Lions Co., Ltd.	27.50	275,000	46,816	-
Towa Korea Co., Ltd.	40.00	800,000	4,150,664	1,477,250
POSCO Hiils Co., Ltd.	20.00	17,200,000	34,820,290	31,258,890
Samsung Corning Precision Glass Co., Ltd.	41.85	116,140,060	75,434,805	98,648,359
The Joong-Ang Daily News California, Inc.	-	-	-	3,509,432
Total investment in subsidiaries, affiliates		₩4,505,243,019	₩4,886,678,412	₩4,779,785,567
			₩4,779,785,567	₩2,856,280,021

(2) Other Investments

Investment in listed companies	-	₩898,439,398	₩440,442,604	₩440,442,604	₩2,898,807,045
Investment in unlisted companies	-	197,315,163	161,472,369	180,337,602	122,658,461
Securities market stabilization fund	-	16,601,222	8,743,987	8,743,987	18,760,587
Other	-	431,343	750,658	431,343	153,538,343
Total other investments		₩1,112,787,126	₩611,409,618	₩629,955,536	₩3,193,764,436
Total investments		₩5,618,030,145	₩5,498,088,030	₩5,409,741,103	₩6,050,044,457

At December 31, 2000, investments in 11 affiliated companies, including Samsung Glass America Inc. were not valued using the equity method due to the immateriality of their assets to the financial statements of the Company.

At December 31, 2000, the financial conditions of invested companies, such as Korea Housing Guarantee Co., Ltd., New ICO Global Communications, Samsung Electronics Moscow Service Center Ltd., TRL Microwave Tech, Inc. and Samsung Crosana Joint Stock Company have deteriorated significantly. Accordingly, these investments have been written down and charged to current operations.

The cumulative net gain on the valuation of investments in listed companies of ₩457,997 million as of December 31, 2000 is recorded in the capital adjustment account.

10. Long-Term Financial Instruments, Receivables and Other Assets

Long-term financial instruments and other assets as of December 31, 2000 and 1999 consist of the following:

Asset	Millions of Won	
	2000	1999
Long-term financial instruments	₩258,000	₩1,467,500
Long-term trade receivables	2,817,779	16,583,583
Long-term loans (A)	60,075,540	366,164,492
Long-term deposits	411,152,293	457,313,823
Long-term prepaid expenses	486,509,110	472,116,096
Intangible assets (B)	265,416,250	246,103,450
Total	₩1,226,228,972	₩1,559,748,944

(A) As of December 31, 2000 and 1999, long-term loans including employee loans totaled ₩58,094,777,000 and ₩365,674,421,000, respectively.

(B) As of December 31, 2000 and 1999, intangible assets including intellectual property rights totaled ₩256,347,261,000 and ₩243,203,924,000, respectively.

11. Short-Term Borrowings

Short-term borrowings as of December 31, 2000 and 1999 consist of the following:

Borrowings	Annual Interest Rate (%)		Thousands of Won	
	2000	1999	2000	1999
Bank overdraft facilities	11.5		₩14,217	₩5,046
Usance finance	-		-	44,465
Total			₩14,217	₩49,511

As of December 31, 2000, the Company's unused bank overdraft facility is ₩340,283 million (see Note 4). In addition, certain bank deposits are pledged as collateral for the above borrowings.

12. Long-Term Debt

Long-term debt as of December 31, 200 and 1999 consists of the following:

Long-Term Debt	Reference	2000	Thousands of Won
Local currency loans	(A)	₩98,271,686	₩272,833,344
Foreign currency loans, in Won equivalents	(B)	1,234,528,597	1,587,280,784
Debtentures	(C)	1,351,000,000	2,174,950,124
		₩2,683,800,283	₩4,035,064,252
Less: current maturities		(2,190,697,681)	(1,101,635,162)
Total		₩493,102,602	₩2,933,429,090

(A) Local currency loans as of December 31, 200 and 1999 consist of the following:

	Annual Interest Rate (%)		Thousands of Won	
	2000	1999	2000	1999
Hanvit Bank	5 - 6.5		₩1,114,195	₩1,624,515
Korea Development Bank	9.35 - 9.65		66,053,000	224,109,000
Kookmin Bank	11.5 - 12.45		18,823,440	28,975,527
Korea Technology Banking Corporation	6.5		12,198,051	18,041,302
Samsung Card Co., Ltd.	6.5		83,000	83,000
			₩98,271,686	₩272,833,344

12. Long-Term Debt, Continued

(B) Long-term debt denominated in foreign currencies as of December 31, 2000 and 1999 consist of the following:

Foreign Denominated Debt	Annual Interest Rate (%)	Thousands of U.S. Dollars	
		2000	1999
ING	LIBOR + 0.45	\$-	\$8,533
Citibank, N.A.	LIBOR + 0.6	129,444	181,222
Korea Development Bank	LIBOR + 0.4-0.6	539,084	618,371
Korea Exchange Bank	LIBOR + 0.375	37,778	56,667
Hanvit Bank	LIBOR + 0.45	10,000	20,000
Bank of Seoul	LIBOR + 1	-	8,606
Korea Development Leasing Corporation and others	LIBOR + 0.65-1.1	263,712	492,388
U. S. Dollar equivalent of foreign currencies		\$980,018	\$1,385,787
Won equivalents (in thousands)		₩1,234,528,597	₩1,587,280,784

(C) Debentures outstanding as of December 31, 2000 and 1999 consist of the following:

Outstanding Debentures	Annual Interest Rate (%)	Thousands of Won	
		2000	1999
Guaranteed by banks, payable through 2001	11 - 22	₩122,500,000	₩538,550,000
Floating rate notes payable in 2001	CD + 0.1	32,000,000	32,000,000
Other, payable through 2003	8 - 15.70	1,196,500,000	1,646,000,000
Add: premiums		₩1,351,000,000	₩2,216,550,000
Less: discounts		-	(41,599,876)
Total		₩1,351,000,000	₩2,174,950,124

At December 31, 2000, certain property, plant and equipment are pledged as collateral for the above long-term debts (See Note 8). In addition, the repayment of certain long-term debts is guaranteed by various Korean financial institutions.

Maturities of long-term debts outstanding, excluding premiums and discounts, at December 31, 2000 are as follows:

Long-Term Debt Maturities	Thousands of Won		
	Local Currency Loans	Foreign Currency Loans	Debentures
2001	₩53,868,504	₩805,829,177	₩1,331,000,000
2002	36,986,222	394,020,369	20,000,000
2003	7,006,660	34,679,051	-
2004	410,300	-	-
Thereafter	-	-	-
Total	₩98,271,686	₩1,234,528,597	₩1,351,000,000
			₩2,683,800,283

13. Foreign Currency Notes and Bonds

Unsecured foreign currency notes and bonds as of December 31, 2000 and 1999 consist of the following:

	Due Date		Thousands of Won	
	2000	1999		
EUR denominated floating rate notes				
USD denominated straight bonds	(A)	May 16, 2000	₩-	₩122,420,352
DEM denominated straight bonds		November 1, 2002	196,443,917	178,619,403
JPY denominated straight bonds	(B)	March 24, 2000	-	176,481,000
DEM denominated straight bonds	(C)	April 23, 2003	162,914,808	165,920,136
USD denominated straight bonds	(D)	December 16, 2001	182,112,000	176,481,000
USD denominated straight bonds	(E)	October 1, 2027	125,970,000	114,540,000
Convertible bonds	(F)	October 1, 2002	192,564,040	175,091,571
Convertible bonds	(G)	December 31, 2006	6,018,120	18,911,736
Convertible bonds	(H)	December 31, 2007	61,999,530	178,650,695
Convertible bonds	(I)	February 1, 2004	117,300,000	117,300,000
Convertible bonds	(J)	July 30, 2002	120,470,000	120,470,000
Convertible bonds		January 31, 2003	240,640,000	240,640,000
			₩1,406,432,415	₩1,785,525,893
Less: current maturities			(182,112,000)	(298,901,352)
Add: premiums			-	1,003,631
Less: discounts			(6,378,785)	(6,556,876)
Add: long-term accrued interest			14,018,755	3,110,418
Less: conversion rights			(21,194,843)	(68,652,265)
Total			₩1,210,765,542	₩1,415,529,449

(A) USD denominated straight bonds

On November 1, 1992, the Company issued straight bonds of US\$200 million at 99.5% of face value for the expansion of its semiconductor product manufacturing facilities. The bonds bear interest at 8.5% per annum and mature on November 1, 2002. The Company redeemed US\$4,055,000 of these bonds during 1998 and 1999.

(B) JPY denominated straight bonds

On April 23, 1996, the Company issued straight bonds of ¥20,000 million at face value. The bonds bear interest at 3.3% per annum and mature on April 23, 2003. The Company redeemed ¥5,210 million of these bonds during 1998.

(C) DEM denominated straight bonds

On December 16, 1996, the Company issued straight bonds of DEM 300 million at face value. The bonds bear interest at 5.375% per annum and mature on December 16, 2001.

(D) USD denominated straight bonds

On October 2, 1997, the Company issued straight bonds of US\$100 million at 99.85% of face value. The bonds bear interest at 7.7% per annum and mature on October 1, 2027.

(E) USD denominated straight bonds

On October 2, 1997, the Company issued straight bonds of US\$227 million at 93.11% of face value. The bonds bear interest at 7.45% per annum and mature on October 1, 2002. The Company redeemed US\$74,135,000 of these bonds during 1998 and 1999.

(F) Convertible bonds

On September 24, 1996, the Company issued foreign currency convertible bonds of US\$150 million for the expansion of its manufacturing facilities. The bonds are listed on the London Stock Exchange and will mature on December 31, 2006. A summary of the terms of these bonds is as follows:

- Interest: 0.25% per annum payable annually in arrears on December 31.
- Conversion period: On or after November 24, 1996 through December 15, 2006.
- Conversion price: Subject to adjustment based on certain events, ₩65,499 per share, with a fixed exchange rate applicable to the conversion of ₩827.3 to US\$1.00.
- Redemption: Redeemable at the option of the bondholders on September 24, 2001 at 131.1% of the principal amount, and at the option of the Company at any time on or after October 24, 1996 at a declining redemption price. However, no such redemption may be made prior to September 24, 2001 unless the closing price of the Company's common stock has reached 135% of the conversion price for a stipulated period.

The Company recorded ₩51,969 million of consideration for conversion rights, the difference between the nominal value and the discounted present value at a 5.796% guaranteed return rate, as an adjustment to debentures and shareholders' equity related to the issuance of foreign currency convertible bonds. The conversion rights account is amortized using the effective interest method, and amortization of ₩225 million was recognized as interest expense during 2000.

During 1997 and 1999, US\$7,244,000 and US\$5,462,000 worth of convertible bonds were converted into 823,352 and 689,856 shares of common stock at the conversion price of ₩72,784 and ₩65,499 per share, respectively.

During 2000, US\$15,640,000 of convertible bonds were converted into 197,540 shares of common stock at the conversion price of ₩65,499 per share. In relation to the conversion to common stock, the Company recorded ₩1,398 million as other capital surplus, the difference between the conversion right price and the related consideration for conversion rights.

(G) Convertible bonds

On June 26, 1997, the Company issued foreign currency convertible bonds of US\$300 million for the expansion of its manufacturing facilities. The bonds are listed on the London Stock Exchange and will mature on December 31, 2007. A summary of the terms of these bonds is as follows:

- Interest: 0%
- Conversion period: On or after July 26, 1997 through December 15, 2007.
- Conversion price: Subject to adjustment based on certain events, ₩113,351 per share, with a fixed exchange rate applicable to the conversion of ₩888.5 to US\$1.00.
- Redemption: Redeemable at the option of the bondholders on June 26, 2002 at 131.1% of the principal amount, and at the option of the Company at any time on or after June 26, 1999 at a declining redemption price. However, no such redemption may be made prior to June 26, 2002 unless the closing price of the Company's common stock has reached 135% of the conversion price for a stipulated period.

The Company recorded ₩115,678 million of consideration for conversion rights, the difference between the nominal value and the discounted present value at a 5.558% guaranteed return rate, as an adjustment to debentures and shareholders' equity related to the issuance of foreign currency convertible bonds. The conversion rights account is amortized using the effective interest method, and amortization of ₩2,236 million was recognized as interest expense during 2000.

During 1998 and 1999, US\$500,000 and US\$98,430,000 worth of convertible bonds were converted into common stock at the conversion price of ₩123,635 and ₩113,351 per share, respectively.

During 2000, US\$131,290,000 worth of convertible bonds were converted into 1,029,067 shares of common stock at the conversion price of ₩113,351 per share. In relation to the conversion to common stock, the Company recorded ₩9,647 million as other capital surplus, the difference between the conversion right price and the related consideration for conversion rights.

(H) Convertible bonds

On February 1, 1999, the Company issued foreign currency convertible bonds of US\$100 million to Intel Corporation which will mature on February 1, 2004. A summary of the terms of these bonds is as follows:

- Interest: 5% per annum payable annually in arrears on February 1.
- Conversion period: On or after May 2, 1999 through January 21, 2004.
- Conversion price: Subject to adjustment based on certain events, ₩108,465 per share, with a fixed exchange rate applicable to the conversion of ₩1,173 to US\$1.00.

(i) Convertible bonds

On July 30, 1999, the Company issued foreign currency convertible bonds of US\$100 million to Apple Computer, Inc. which will mature on July 30, 2002. A summary of the terms of these bonds is as follows:

- Interest: 2% per annum payable annually in arrears on December 31.
- Conversion period: On or after July 30, 2000 through July 20, 2002.
- Conversion price: Subject to adjustment based on certain events, ₩219,050 per share, with a fixed exchange rate applicable to the conversion of ₩1,204,7 to US\$1.00.

The Company recognized interest expense using a 5% effective interest rate. The difference between the effective and guaranteed return rate was credited to long-term accrued interest expense. The additional interest expense of ₩3,690 million was credited to long-term accrued interest expense during 2000.

(j) Convertible bonds

On October 15, 1999, the company issued foreign currency convertible bonds of US\$200 million to Dell Computer Corporation which will mature on January 31, 2003. A summary of the terms of these bonds is as follows:

- Interest: 2% per annum payable annually in arrears on December 31.
- Conversion period: On or after October 15, 2000 through January 16, 2003.
- Conversion price: Subject to adjustment based on certain events, ₩260,000 per share, with a fixed exchange rate applicable to the conversion of ₩1,203.2 to US\$1.00.

The Company recognized interest expense using a 5% effective interest rate. The difference between the effective and guaranteed rate was credited to long-term accrued interest expense. The additional interest expense of ₩7,218 million was credited to long-term accrued interest expense during 2000.

14. Commitments and Contingencies

- At December 31, 2000, the Company is contingently liable for guarantees of indebtedness, principally for related parties, approximating ₩54,183 million and US\$1,565,857,000. In addition, at December 31, 2000, the Company provided guarantees of contract fulfillment for Iijin Heavy Industries Co., Ltd. in the amount of ₩1,678 million.
- At December 31, 2000, the Company has a total 142 of technical assistance agreements with certain foreign companies. Total royalty expense incurred in relation to these agreements for the year ended December 31, 2000 and 1999 amounts to approximately ₩774, 118 million and ₩743,418 million, respectively.

- The Company provided product warranties for certain goods sold and is insured for the fulfillment of such warranties.

- At December 31, 2000, the Company has entered into lease agreements with several leasing companies that are recognized as direct financing leases. These lease agreements are summarized as follows:

Account	Millions of Won
	Acquisition Cost
Machinery and equipment	₩712,678
	Depreciation Expense Charged to 2000 Operations
	₩137,187

Scheduled future lease payments, net of interest, which are also included in long-term debt (see Note 12), are as follows:

Lease Payment Schedule	Thousands of Won
2001	₩238,001,939
2002	92,129,257
2003	2,066,818
Total	₩332,198,014

In addition, at December 31, 2000, the Company has entered into lease agreements that were recognized as operating leases. Related rental payments were charged to operations as incurred. Rental expense incurred under these operating lease agreements amounts to ₩407 million for the year ended December 31, 2000, and future rental payments of US\$108,000 are due within a year.

- As of December 31, 2000, the Company has entered into seven forward exchange contracts with various foreign and Korean financial institutions to hedge currency risk on foreign currency long-term debts. In addition, the Company has entered into three interest rate swap contracts with various foreign and Korean financial institutions to hedge interest rate risk on floating-rate foreign currency long-term debts.

For the year ended December 31, 2000, the Company recognized gains of ₩9,069 million and losses of ₩8,971 million, charged to current operations, from the valuation of forward exchange contracts. In addition, from the valuation of interest rate swap contracts, the Company recognized losses of ₩83 million, charged to current operations, and deferred ₩3,272 million, charged to capital adjustment, of which ₩127 million is expected to be realized by December 31, 2001.

- As of December 31, 2000, the Company has entered into an agreement to issue asset backed securities based on export accounts and notes receivable with Atlantic Asset Securitization Corporation for up to US\$100 million, an agreement to discount trade notes receivable with three Korean banks for up to ₩300,000 million and a credit sales facility agreement with Hanvit Bank for up to ₩200,000 million (See Note 6).

- At December 31, 2000 the Company has been named as a defendant in three legal actions for alleged patent infringements and one legal action for breach of contract, and as the plaintiff for two legal actions for patent infringements and two for unpaid debts in a foreign country. In addition, the Company is a party to various other legal claims and proceedings in Korea, all of which are pending as of December 31, 2000. The Company's management believes that, although the outcome of these matters is uncertain, the resolution of these matters will not have a material adverse effect on the operations or financial position of the Company.

- At December 31, 2000, six promissory notes totaling ₩14,175 million, and 15 blank notes and checks were provided to financial institutions as collateral for bank borrowings and for the fulfillment of certain contracts.

- In June 1999, Samsung Motors Inc. ("SMI"), an affiliate of the Company, filed a petition for court receivership. In connection with this petition, the Company and 30 Samsung Group affiliates (the "Affiliates") entered into an agreement with the institutional creditors ("the Creditors") of SMI in August, 1999. In accordance with this agreement, the Company and the Affiliates agreed to sell 3,500,000 shares of Samsung Life Insurance Co., Ltd. stock and transfer the proceeds to the Creditors in connection with the petition for court receivership of SMI by December 31, 2000. In the event that the sale proceeds fall short of ₩2,450,000 million, the Company and the Affiliates have agreed to compensate the Creditors for the shortfall by other means, including participation in any equity offering or subordinated debentures issued by the Creditors. Any proceeds in excess of ₩2,450,000 million are to be distributed to the Company and the Affiliates.

As of December 31, 2000, the shares in Samsung Life Insurance Co., Ltd. were not sold and certain shareholders of the Company have filed an injunction against the directors of the Company, alleging that the directors were acting in contravention to the law when entering into this agreement and accordingly, that this agreement is void. The ultimate effect of these matters on the financial position of the Company as of the balance sheet date cannot reasonably be determined, and accordingly, no adjustments have been made in the accompanying financial statements in relation to these matters.

- Beginning in 1997, Korea and other countries in the Asia Pacific region experienced a severe contraction in substantially all aspects of their economies. This situation is commonly referred to as the 1997 Asian financial crisis. In response to this situation, the Korean government and the private sector began implementing structural reforms to historical business practices.

The Korean economy is currently experiencing additional difficulties, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The banking industry is currently undergoing consolidations and significant uncertainty exists with regard to the availability of short-term financing during the coming year. The Company may be either directly or indirectly affected by the situation described above.

The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial position of the Company. Actual results may differ materially from management's current assessment.

15. Retained Earnings

Retained earnings as of December 31, 2000 and 1999 consist of the following:

Retained Earnings	Reference		Thousands of Won
	2000	1999	
Appropriated:			
Legal reserve	(A)	₩440,789,000	₩387,789,000
Reserve for business rationalization	(B)	2,512,100,829	1,512,100,829
Reserve for improvement of financial structure	(C)	204,815,000	204,815,000
Reserve for overseas market development	(D)	510,750,423	548,741,108
Reserve for overseas investment losses	(D)	164,982,454	213,382,454
Reserve for technology development	(D)	3,838,397,908	2,023,097,908
Reserve for export losses	(D)	167,749,074	217,118,059
Reserve for loss on disposal of treasury stock	(D)	200,000,000	-
Reserve for facilities investment	(E)	2,714,811,000	134,615,000
		₩10,754,395,688	₩5,241,659,358
Unappropriated:		31,409	31,989
Total		₩10,754,427,097	₩5,241,691,347

(A) The Korean Commercial Code requires the Company to appropriate as a legal reserve an amount equal to a minimum of 10% of annual cash dividends declared until the reserve equals 50% of capital stock. This reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce the accumulated deficit, if any.

(B) Pursuant to the Tax Exemption and Reduction Control Law, the Company is required to appropriate as a reserve for business rationalization an amount equal to the exemption of income taxes resulting from investment tax credits and certain deductions from taxable income specified by such law. This reserve may be used for the reduction of the accumulated deficit, if any, or transferred to capital stock.

(C) In accordance with the Regulation for Securities Issuance and Disclosure, the Company is required to appropriate as a reserve for improvement of financial structure an amount equal to at least 50% of the net extraordinary gain on disposal of property, plant and equipment and 10% of net earnings for each year until shareholders' equity equals 30% of total assets. This reserve is not available for payment of cash dividends, but may be transferred to capital stock or used to reduce the accumulated deficit, if any.

(D) Pursuant to Korean tax law, the Company is allowed to claim a tax deduction in determining taxable income for the amounts of retained earnings appropriated to reserves for overseas market development, overseas investment losses, technology development, export losses and losses on disposal of treasury stock. These amounts are not available for dividends until used for the specified purposes or reversed.

(E) The reserve for facilities represents amounts appropriated by the Company for capital expenditures and may be used for any purpose through a shareholders' resolution.

16. Dividends

On June 30, 2000 and 1999, the Company declared a 10% cash dividend to shareholders of common stock and preferred stock as an interim dividend for the six-month period ended June 30, 2000 and 1999. A cash dividend of ₩85,886 million and ₩84,664 million was paid on June 30, 2000 and 1999 respectively.

The year-end cash dividend for the prior fiscal year was ₩342,729 million. For the year ended December 31, 2000, a cash dividend of ₩422,670 million (common stock: 50%, preferred stock: 51%) excluding the interim dividend is proposed for the general shareholders' meeting to be held on March 16, 2001. Including this proposed final dividend, the dividend payout ratio is approximately 8.46% and 13.48% at December 31, 2000 and 1999, respectively.

17. Treasury Stock

During the year ended December 31, 2000, the Company has acquired 3,000,000 shares of its own common stock and 400,000 shares of its own non-voting preferred stock. As of December 31, 2000, the Company holds 6,449,625 shares of its own common stock and 1,269,693 shares of its own preferred stock. This treasury stock is recorded as a capital adjustment.

18. Stock Option Plan

The Company has a stock option plan that provides for granting stock purchase options to employees or directors who have contributed or are expected to contribute to the management and technology innovation of the Company.

The Company granted such options on March 16, 2000, which can be exercised for up to 1,500,000 common shares (See Note 1) at an exercise price of ₩272,700 per share. This price will be adjusted in the event of a new share offering, stock dividend, stock split or stock merger. These options, with a service period of two years from the date of the grant, can be exercised after three and within seven years from the date of the grant.

The Company recognized the compensation cost for these options using the fair value method based on an expected stock price volatility of 69.48%, estimated risk-free interest rates of 9.08%, expected exercise term of four years and expected dividend yield of 0.39%. The cost of the stock option plan was ₩93,746 million for the year ended December 31, 2000, and will be ₩141,424 million from the following year.

19. Income Tax Expense

The statutory income tax rate applicable to the Company, including resident surtax, is approximately 30.8%. Income tax expense for the year ended December 31, 2000 and 1999 consists of the following:

Income Taxes	Thousands of Won	
	2000	1999
Current income taxes	₩1,186,607,415	₩658,526,912
Deferred income taxes	899,310,939	199,038,851
Total	₩2,085,918,354	₩857,565,763

The following table reconciles the expected amount of income tax expense based on statutory rates to the actual amount of taxes recorded by the Company:

Tax Rate Calculation	Thousands of Won	
	2000	1999
Income before taxes	₩8,100,448,546	₩4,027,968,337
Statutory tax rate	30.8%	30.8%
Expected taxes at statutory rate	₩2,494,938,152	₩1,240,614,248
Tax credit	(455,027,917)	(403,263,139)
Others, net	46,008,119	20,214,654
Actual taxes	₩2,085,918,354	₩857,565,763
Effective tax rate	25.8%	21.3%

Components of deferred taxes as of December 31, 2000 are as follows:

Deferred Tax Asset Calculation	Thousands of Won	
	Beginning Balance	Ending Balance
Deferred Tax assets:		
Loss on valuation of investments using the equity method	₩320,422,447	₩(320,422,447)
Deferred for foreign exchange losses	236,486,776	(104,366,080)
Investment stock reduction losses	85,782,593	(80,546,470)
Depreciation	311,472,320	(165,310,076)
Other	89,287,880	17,817,975
Tax credits	240,187,881	(240,187,881)
Total deferred tax assets	₩1,283,639,897	₩(893,014,979)
Deferred tax liabilities:		
Special reserves appropriated for tax purposes	₩160,301,578	₩(49,322,141)
Capitalized interest expense	34,669,575	20,141,152
Accrued income	4,031,119	4,948,678
Gain on valuation of investments using the equity method	-	35,918,457
Other	4,110,702	(2,380,699)
Total deferred tax liabilities	₩203,112,974	₩9,305,447
Net deferred tax assets	₩1,080,526,923	₩(902,320,426)

73

The Company periodically assesses its ability to recover deferred tax assets. In the event of significant uncertainty regarding the Company's ultimate ability to recover such assets, a valuation allowance is recorded to reduce the asset to its estimated net realizable value.

The Company has not recognized the income tax effect of a temporary difference of ₩415,090 million resulting from the revaluation of land it has no immediate plans to dispose of. In addition, a change in accounting policy in the current year (see Note 2) resulted in a cumulative increase in deferred income tax of ₩3,009 million that was adjusted to opening retained earnings.

20. Earnings Per Share

Earnings per share and diluted earnings per share are calculated as follows:

EPS Calculation	Thousands of Won
Net income	₩6,014,530,192
Adjustments:	
Dividends for preferred stock	(69,202,389)
Undeclared participating preferred stock dividend	(738,754,987)
Net income available for common stock	₩5,206,572,816
Weighted average number of shares of common stock	148,735,383
Earnings per share in Korean Won	₩35,006

Diluted EPS Calculation		Thousands of Won	
Net income available for common stock		₩5,206,572,816	
Adjustment:			
Interest expense on convertible bonds		18,855,974	
Net income available for common stock & common equivalent share		₩5,225,428,790	
Weighted average number of common stock & common equivalent shares		151,931,513	
Diluted earnings per share in Korean Won		₩34,393	

21. Related Party Transactions

Significant transactions with related parties for the years ended December 31, 2000 and the 1999 and the related receivables and payables at December 31, 2000 and 1999 are as follows:

Company	Thousands of Won, Thousands of U.S. Dollars							
	Sales		Purchases		Receivables		Payables	
	2000	1999	2000	1999	2000	1999	2000	1999
Samsung Corporation	₩28,793,503	₩40,403,924	₩1,157,468,843	₩625,112,597	₩72,366,272	₩72,017,084	₩419,022,525	₩198,836,293
Samsung SDI	130,501,116	77,470,578	1,550,459,715	987,862,496	13,165,784	10,238,439	119,351,143	176,395,225
Samsung Electro-Mechanics	56,334,467	91,092,651	814,221,910	724,502,937	6,747,530	8,970,815	78,607,286	130,437,215
Samsung SDS	91,541,195	89,062,680	298,140,093	272,211,537	3,716,739	29,833,411	46,475,852	28,926,439
Samsung Kwangju Electronics	37,108,881	113,570,242	782,325,532	667,459,514	12,665,328	21,741,911	171,160,367	170,879,386
Samsung Techwin	3,609,217	15,357,953	187,041,979	162,368,633	994,946	1,468,672	35,672,995	10,543,300
Cheil Communications	2,542,910	930,863	124,882,862	94,919,970	5,500	37,927	102,867,427	93,004,770
Seoul Commtech	12,978,039	19,843,835	121,463,67430	95,803,645	620,024	6,208,306	25,480,211	21,518,655
Samsung Heavy Industries	96,1821	1,393,555	30,108,821	44,292,171	5,267,064	5,337,569	9,049,606	14,903,224
Novita	8,526,218	4,326,609	151,182,121	119,891,015	88,034	97,653	45,899,927	43,546,741
Samsung Everland	1,212,420	863,025	111,146,302	101,364,743	115,380,900	112,901,005	13,422,658	20,037,500
Samsung Life Insurance	16,818,904	25,682,263	3,157,127	2,695,194	52,651,475	158,751,364	5,210,222	7,086,126
Samsung Electronics Service	122,275,922	105,369,817	172,282,778	124,600,307	41,288,409	31,008,173	40,862,672	31,673,599
Samsung Thales	196,412,048	-	2,531,563	-	1,337,916	-	711,234	-
Korea Electronics & Information Distribution	544,364,061	-	1,905,131	-	39,633,044	-	37,084,362	-
Other local subsidiaries and affiliated companies	73,615,997	46,303,308	577,595,366	318,196,254	583,236,542	86,429,814	119,485,693	55,263,314
Foreign subsidiaries and affiliated companies	₩13,533,592	₩10,678,976	₩6,119,476	₩4,141,759	₩162,185	₩156,532	₩182,903	₩582,616
Total Won currency	₩1,327,596,719	₩631,671,303	₩6,086,893,817	₩4,341,281,013	₩949,165,507	₩544,982,143	₩1,270,364,180	₩1,003,051,787
Total foreign currency	₩13,533,592	₩10,678,976	₩6,119,476	₩4,141,759	₩162,185	₩156,532	₩182,903	₩582,616

During 2000 and 1999 Samsung Corporation exported ₩21,559,954 million and ₩15,782,247 million worth of goods and imported ₩3,727,443 million and ₩4,516,849 million worth of goods on behalf of the Company.

22. Research and Development Costs

Research and development costs incurred for the year ended December 31, 2000 and 1999 comprise the following:

R&D Costs	Thousands of Won	
	2000	1999
Research expenses	₩946,629,028	₩806,465,213
Ordinary development expenses	1,072,726,375	785,874,334
Total	₩2,019,355,403	₩1,592,339,547

23. Foreign Currency Translation

At December 31, 2000 and 1999, assets and liabilities denominated in foreign currencies and foreign exchange gains (losses) are as follows:

Account	Thousands of Won				
	2000		1999		
	Foreign Currencies	Korean Won (translated)	Translation Loss	Translation Gain	Korean Won (translated)
Foreign currency deposits					
USD	260,990,341.23	₩328,769,533	₩-	₩6,478,630	₩145,812,900
JPY	415,300,244.00	4,574,615	-	-	144,717
MYR	1,184,580.36	392,688	-	-	318,723
Other		6	-	-	47,461
		₩333,736,842	₩-	₩6,478,630	₩146,323,801
Trade accounts and notes receivable					
DEM	4,082,260.80	₩2,478,096	₩4,587	₩29,636	₩1,461,811
ESP	91,261,878.00	651,208	-	-	41,982
EUR	4,094,961.90	4,861,825	26,022	17,384	2,441,005
GBP	1,349,996.80	2,539,155	-	805	4,580,424
ITL	1,366,980,767.00	838,233	-	1,979	26,928
JPY	672,744,496.00	7,410,415	107	67,982	1,767,271
USD	205,616,544.68	259,015,161	15,116,562	4,488,983	279,857,711
Other		880,654	845	1,780	5,662,639
		₩278,674,747	₩15,148,123	₩4,608,549	₩295,839,771
Other accounts and notes receivable					
EUR	3,091,501.51	₩3,670,447	₩-	₩-	₩10,910,778
ITL	3,396,697,478.00	2,082,855	-	151,392	1,318,342
JPY	388,895,890.00	4,283,766	79,331	145,790	-
USD	112,766,039.62	142,051,380	240,082	6,371,655	47,220,183
Other		1,063,091	-	13,829	277,211
		₩153,151,539	₩319,413	₩6,682,666	₩59,726,514
Guarantee deposits					
IRR	190,856,450.00	₩145,051	₩-	₩118,798	₩-
USD	141,626,772	178,407	-	41,961	185,235
Other		30,040	281	3,138	82,299
		₩353,498	₩281	₩163,897	₩267,534

Continued;

23. Foreign Currency Translation, Continued

Account	Thousands of Won							
	2000				1999			
	Foreign Currencies	Korean Won (translated)	Translation Loss	Translation Gain	Korean Won (translated)	Translation Loss	Translation Gain	
Other assets	ATS	683,987.39	₩59,014	₩-	₩13,652	₩48,726		
	CNY	1,321,890.96	201,178	-	18,925	538,095		
	COP	98,929,825.82	50,454	6,000	-	36,413		
	EUR	7,314,679.65	8,684,500	-	205,722	-		
	INR	22,029,097.30	595,447	1,663	19,300	3,954		
	MYR	225,224.48	74,662	-	8,770	-		
	SAR	152,425.00	51,192	4,393	-	-		
	TWD	2,048,975.00	78,045	-	6,620	62,066		
	USD	43,913,322.10	55,317,612	-	1,648,062	5,068,007		
	Other		1,237,686	27,753	60,746	492,447		
			₩66,349,790	₩39,809	₩1,981,797	₩6,249,708		
Trade accounts and notes payable	BEF	7,274,000.00	₩214,074	₩11,784	₩-	₩-		
	DEM	1,723,633.82	1,046,315	68,208	-	5,368,382		
	EUR	2,694,557.92	3,199,168	266,779	-	-		
	FRF	3,854,435.40	697,653	49,658	6,614	691,898		
	JPY	14,181,520,180.00	156,212,281	4,596,760	10,497	138,965,381		
	NLG	2,600,000.00	1,400,776	98,332	-	255,006		
	USD	315,680,942.70	397,663,284	16,546,478	216,751	280,536,231		
	Other		203,959	5,176	-	140,616		
			₩560,637,510	₩21,643,175	₩233,862	₩425,957,514		
Short-term borrowings	USD	₩-	₩-	₩-	₩-	₩44,465		
Other accounts payable	GBP	630,198.46	₩1,185,315	₩23,969	₩210	₩3,998,912		
	USD	79,025,648.57	99,548,610	3,209,743	43,525	461,168,949		
	EUR	2,406,890.17	2,857,628	115,586	-	115,520		
	JPY	8,365,909,054.00	92,152,161	1,326,815	-	233,160,149		
	AUD	17,591,306.82	12,376,188	1,073,515	117	24,359,216		
	DEM	606,606.45	368,234	10,029	-	1,663,782		
	NLG	602,795.44	324,762	13,230	-	24,292,366		
	FRF	899,050.00	162,728	2,403	-	721,230		
	ITL	1,043,411,328.00	639,820	27,493	-	625,164		
	Other		455,226	1,082	-	4,642,158		
			₩210,070,672	₩5,803,865	₩43,852	₩754,747,446		
Accrued expenses	AUD	7,459,809.88	₩5,248,275	₩83,568	₩-	₩2,965,923		
	DEM	11,435,644.18	6,941,893	113,898	-	3,127,050		
	ESP	254,943,961.00	1,819,178	25,033	-	856,646		
	FRF	16,820,246.50	3,044,465	53,743	-	3,834,139		

Continued:

23. Foreign Currency Translation, Continued

Account	Thousands of Won					
	2000		1999			
	Foreign Currencies	Korean Won (translated)	Translation Loss	Translation Gain (translated)		
Accrued expenses	GBP	4,471,779.31	₩8,410,791	₩54,908	₩-	₩7,973,785
	HKD	16,127,945.39	2,604,824	21,495	-	574,917
	ITL	7,057,881,785.00	4,327,893	33,897	-	4,762,907
	JPY	1,656,175,340.00	18,243,103	735,444	-	3,133,840
	NLG	4,108,509.05	2,213,500	92,814	-	772,647
	SGD	4,381,875.66	3,184,221	8,713	20,929	2,291,291
	USD	264,068,000.03	332,646,460	16,461,750	-	257,403,820
	Other		1,707,739	21,743	20,929	1,548,181
			₩390,392,342	₩17,707,006	₩-	₩289,245,146
Advances from customers	USD	3,928,061.09	₩4,948,179	₩422,404	₩-	₩-
Long-term other accounts payable, including current maturities	USD	266,324,459.00	₩335,488,920	₩27,374,670	₩7,326,412	₩157,771,148
	EUR	8,566,261.00	10,170,465	2,096,550	101,038	-
			₩345,659,385	₩29,471,220	₩7,427,450	₩157,771,148
Foreign currency notes and bonds, including current maturities	DEM	300,000,000.00	₩182,112,000	₩5,631,000	₩-	₩352,962,000
	JPY	14,790,000,000.00	162,914,808	-	3,005,328	165,920,136
	USD	885,890,000.00	1,061,405,607	46,726,983	-	1,266,643,757
			₩1,406,432,415	₩52,357,983	₩3,005,328	₩1,785,525,893
Long-term debt, including current maturities	JPY	17,100,000,000.00	₩188,359,920	₩-	₩3,474,720	₩191,834,640
	USD	830,490,336.87	1,046,168,677	94,925,046	-	1,395,446,144
			₩1,234,528,597	₩94,925,046	₩3,474,720	₩1,587,280,784
			₩237,838,325		₩34,121,680	

24. Accounts Relating to Gross Added Value

The accounts required for the calculation of gross added value for the year ended December 31, 2000 and 1999 are as follows:

Account	Thousands of Won					
	Manufacturing Cost		Selling, General and Administrative Expenses			
	2000	1999	2000	1999		
Wages and salaries	₩834,611,555	₩600,713,891	₩369,566,573	₩248,352,155	₩1,204,178,128	₩849,066,046
Provision for severance benefits	77,271,611	53,661,311	35,441,860	36,742,659	112,713,471	90,403,970
Welfare expenses	139,507,030	107,439,899	54,162,467	35,691,475	193,669,497	143,131,374
Rental expenses	98,510,754	70,316,803	14,666,185	11,503,433	113,176,939	81,820,236
Depreciation expenses	2,229,728,643	2,272,587,224	112,347,734	119,256,530	2,342,076,377	2,391,843,754
Taxes and dues	39,423,541	29,944,096	56,790,194	65,584,747	96,213,735	95,528,843
Total	₩3,419,053,134	₩3,134,663,224	₩642,975,013	₩517,130,999	₩4,062,028,147	₩3,651,794,223

25. Environmental Standards and Policies

Building on its philosophy of “Green Management,” the Company continues to promote an abundant life as well as the protection of the global environment through corporate activities that benefit both people and nature. The Company is committed to environment protection and preservation in all aspects of its corporate activities, including product development, production, marketing and disposal.

The Company has been recognized as one of the most environment-friendly companies and has acquired ISO 14001 certification for its environmental management system. In addition to engaging in development and research activities for environment-friendly products, the Company operates waste treatment facilities for its own use and a recycling center to collect and recycle waste electronic goods. The Company actively participates in community environmental protection programs. In addition, the Company supports community programs to clean, protect and preserve the natural environment, including mountains, streams and parks.

26. Employee Benefits and Public Donations

A) Details of the Company's employee benefits are listed below.

Area	Benefits
Support of employee wealth accumulation	<ul style="list-style-type: none"> • Allots a portion of newly issued shares to the employee stock ownership association. • Operates a mutual savings scheme to assist employees in urgent need of funds. • Individual pension plans to support a comfortable retirement.
Living support	<ul style="list-style-type: none"> • Provides housing for employees assigned to factories or provincial office jobs. • Provides academic tuition support.
Support for commuting, meals, etc.	<ul style="list-style-type: none"> • Provides commuter buses for employees. • Operates in-house restaurants and provides work clothing. • Support for congratulations and condolences.
Medical support	<ul style="list-style-type: none"> • Finances annual medical check-ups for employees. • Provides assistance for employee medical expenses.
Support for leisure activities	<ul style="list-style-type: none"> • Operates condominium and resort facilities for employees. • Provides paid summer or winter vacations and half-day holidays.

B) Details of public donations made by the Company during the years ended December 31, 2000 and 1999 are as follows:

Donations	Millions of Won	
	2000	1999
Donations of land for local roads	₩-	₩54,182
Contributions to the employee welfare fund	80,000	54,000
Donations to support universities and help the less fortunate	90,533	30,874
	₩170,533	₩139,056

27. Cultivation of Professional Human Resources and Professional Training

The Company operates a leadership development center, a high technology institute and a global marketing institute. The Company has cultivated domestic and overseas experts in each area of business through the operation of these professional institutes and overseas assignments. The Company also provides employees with access to higher education programs at domestic and overseas universities, academic research programs, the in-house College of Technology and the 21st Century Academy program.

28. Segment Information

A summary of the Company's operations by business segment and geographic area as of December 31, 2000 and for the year then ended is as follows (in millions of Won):

Financial Data by Business Segment	Digital Media	Home Appliances	Information & Communications	Semiconductors	Other Areas
1. Sales					
Sales to unaffiliated customers	₩9,349,576	₩2,745,049	₩7,610,397	₩12,953,399	₩1,625,331
Intersegment sales	50,154	18,202	22,160	1,081,049	217,619
	₩9,399,730	₩2,763,251	₩7,632,557	₩14,034,448	₩1,842,950
2. Operating profit (loss)					
	₩524,594	₩187,309	₩908,401	₩6,057,705	₩(242,854)
3. Tangible and intangible assets					
	₩453,619	₩412,787	₩1,598,400	₩10,016,939	₩128,100
4. Depreciation					
	₩67,352	₩36,786	₩188,767	₩2,308,874	₩64,450

Financial Data by Geographic Area	Domestic	Asia	Europe	America	Africa
1. Sales					
	₩10,903,384	₩7,539,921	₩5,834,774	₩9,916,847	₩88,827
2. Tangible and intangible assets					
	₩1,867,621	₩3,580,267	₩2,311,339	₩4,820,126	₩10,492
3. Depreciation					
	₩296,975	₩787,489	₩501,984	₩1,078,890	₩891

29. Discontinued Operations

On January 11, 2000, the Company established Samsung Thales Co., Ltd. (formerly Samsung Thomson-CSF Co., Ltd.), a 50:50 joint venture with Thomson-CSF International with capital stock of ₩270 billion. Pursuant to the joint venture agreement, the Company sold its defense electronics division to the joint venture on February 28, 2000. Components of amounts reflected in the income statement and balance sheet are as follows:

Gain on Disposal of Discontinued Operation	Millions of Won
Assets	₩122,991
Liabilities	64,512
Net assets of discontinued operations	₩58,479
Proceeds from disposal	211,758
Gain on disposal	₩153,279

Discontinued operation information for the year ended December 31, 2000 and 1999 is as follows:

Discontinued Operation Information	2000	Millions of Won	1999
Sales		₩2,645	₩166,731
Operating loss		(698)	(4,852)
Tangible assets		₩13,412	₩13,580

30. Reclassification of 1999 Amounts

Certain amounts in the 1999 financial statements have been reclassified to conform to the 2000 presentation. These reclassifications had no effect on previously reported net income or shareholders' equity.

Five-Year Financial Summary

	Thousands of U.S. Dollars				
	2000	1999	1998	1997	1996
As of December 31, 1996-2000					
Sales					
Domestic	\$ 8,660,353	\$ 7,029,885	\$ 5,380,693	\$ 5,663,406	\$ 7,206,351
Export	18,570,586	13,714,980	11,259,056	7,386,318	11,602,350
Cost of sales	\$27,230,939	\$20,744,865	\$16,639,749	\$13,049,724	\$18,808,701
	17,468,926	14,027,936	11,578,914	8,976,018	14,126,196
Gross profit	\$9,762,013	\$6,716,929	\$5,060,835	\$4,073,706	\$4,682,505
Selling, general and administrative expenses	3,856,410	3,157,358	2,492,518	2,055,176	2,968,229
Operating profit	\$5,905,603	\$3,559,571	\$2,568,317	\$2,018,530	\$1,714,276
Non-operating income					
Interest and dividend income	\$124,247	\$180,890	\$279,383	\$120,977	\$244,520
Gain on foreign currency transactions	237,546	212,448	863,231	1,321,352	-
Gain on foreign currency translation	27,102	207,638	-	-	-
Gain on valuation of investments using the equity method	692,079	236,888	-	-	-
Other	515,843	470,591	371,563	290,965	333,951
	\$1,596,817	\$1,308,455	\$1,514,177	\$1,733,294	\$578,471
Non-operating expenses					
Interest expenses	\$272,730	\$572,835	\$924,894	\$536,428	\$480,852
Amortization of deferred charges	-	-	1,559,267	1,117,517	912,283
Loss on foreign currency transactions	221,643	222,788	857,732	1,478,708	-
Loss on foreign currency translation	188,911	84,666	-	-	-
Other	507,131	576,914	375,354	508,878	634,647
	\$1,190,415	\$1,457,203	\$3,727,247	\$3,641,531	\$2,027,782
Ordinary profit	\$6,312,005	\$3,410,823	\$365,247	\$110,293	\$264,965
Extraordinary income	122,029	-	235,068	46	12,647
Extraordinary loss	-	211,484	259,920	1,773	30,546
Net income before income taxes	\$6,434,034	\$3,199,339	\$340,395	\$108,566	\$247,066
Income tax expense	1,656,806	681,148	80,895	21,283	52,569
Net income	\$4,777,228	\$2,518,191	\$259,500	\$87,283	\$194,497
Earnings per share (in Korean Won and U.S. Dollars)	\$28	\$15	\$2	\$1	\$2

Thousands of Korean Won

	2000	1999	1998	1997	1996
	₩10,903,383,976	₩8,850,624,784	₩6,494,496,605	₩8,013,718,934	₩6,082,160,483
	23,380,368,303	17,267,160,967	13,589,679,922	10,451,640,507	9,792,383,336
	₩34,283,752,279	₩26,117,785,751	₩20,084,176,527	₩18,465,359,441	₩15,874,543,819
	21,993,377,770	17,661,171,944	13,975,748,868	12,701,065,224	11,922,509,430
	₩12,290,374,509	₩8,456,613,807	₩6,108,427,659	₩5,764,294,217	₩3,952,034,389
	4,855,219,849	3,975,113,690	3,008,468,868	2,908,073,790	2,505,185,220
	₩7,435,154,660	₩4,481,500,117	₩3,099,958,791	₩2,856,220,427	₩1,446,849,169
	₩156,427,345	₩227,740,962	₩337,215,452	₩171,182,036	₩206,374,901
	299,070,108	267,472,334	1,041,919,177	1,869,713,309	-
	34,121,680	261,416,440	-	-	-
	871,326,886	298,242,218	-	-	-
	669,446,121	592,472,848	448,477,112	411,715,036	281,854,160
	₩2,010,392,140	₩1,647,344,802	₩1,827,611,741	₩2,452,610,381	₩488,229,061
	₩343,367,140	₩721,198,940	₩1,116,346,994	₩759,045,307	₩405,838,831
	-	-	1,882,034,879	1,581,287,365	769,966,975
	279,048,744	280,490,610	1,035,283,230	2,092,372,147	-
	237,838,325	106,594,502	-	-	-
	638,478,440	726,334,345	453,052,701	720,061,983	535,642,340
	₩1,498,732,669	₩1,834,618,397	₩4,486,717,804	₩5,152,766,802	₩1,711,488,146
	₩7,946,814,151	₩4,294,226,522	₩440,852,728	₩156,064,006	₩223,630,084
	153,634,395	-	283,726,603	65,610	10,674,208
	-	266,258,185	313,723,010	2,508,902	25,780,500
	₩8,100,448,546	₩4,027,968,337	₩410,856,321	₩153,620,714	₩208,523,792
	2,085,918,354	857,565,763	97,640,283	30,115,805	44,368,311
	₩6,014,530,192	₩3,170,402,574	₩313,216,038	₩123,504,909	₩164,155,481
	₩35,006	₩19,214	₩2,832	₩1,232	₩1,784

Board of Directors

Over the years, Samsung Electronics' Board of Directors has played a crucial leadership role in maximizing corporate value. Founded on the values of transparency and responsibility, the decision-making and corporate governance framework provided by the Board continues to provide a fertile environment for the creative, progressive entrepreneurial spirit that has helped the company emerge as an international electronics leader.

The Board is currently composed of three standing committees: the Management Committee, the Audit Committee, and the Outside Director Recommendation Committee. The Management Committee is in charge of evaluating and making recommendations on issues related to improving the professionalism and efficiency of administrative processes. The Audit Committee replaces the former outside auditor's position in 2000 and uses a system of checks and balances to supervise and support the management team in its quest to maximize corporate value. The Outside Director Recommendation Committee is in charge of impartially and independently selecting outside directorship candidates for the Board.

Samsung Electronics' 20-member Board of Directors took up a total of 34 agenda items over the course of 12 meetings in 2000, including the approval of the year 2000 business and management plan, the declaration of a 10% interim cash dividend of 500 won per share in July, and the repurchase of 2% of the total outstanding stock—3 million common shares and 400,000 preferred shares—valued at 534.4 billion won in October. In addition to the 12 general meetings, the Management Committee met 31 times and the Audit Committee nine times during the year.

The Board will undergo a fundamental change in fiscal 2001 with a reduction in membership from 20 directors—including six outside directors—to 14, half of which will be outside directors. This change is intended to accelerate decision-making as well as respond to shareholder concerns that a large board is inefficient in managing the company.

1

Management Committee	Audit Committee	Outside Director Recommendation Committee
Jong-Yong Yun [chair]	Sung-Lark Rim [chair]	Franz-Hermann Hirlinger [chair]
Yoon-Woo Lee	Jae-Sung Hwang	Sung-Lark Rim
Dae-Je Chin	Kap-Hyun Lee	Jong-Yong Yun
Doh-Seok Choi		Doh-Seok Choi

2001 Board Members



Kun-Hee Lee

- Chairman, Samsung Electronics [1997-present]
- Member, International Olympic Committee [1996-present]
- Vice chairman, Federation of Korean Industries [1987-present]
- Vice chairman, Korea-Japan Economic Committee [1981-present]
- Chairman, Samsung Group [1987-1998]



Jong-Yong Yun

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



Hak-Soo Lee

- President, Chief of staff Samsung Electronics [1998-present]
- President & CEO, Samsung Fire & Marine Insurance [1995-1998]
- Vice President, Samsung Fire & Marine Insurance [1993-1995]
- Executive director, Chell Foods & Chemicals [1984-1993]



Yoon-Woo Lee

- President, Semiconductor Business Group, Samsung Electronics [1995-present]
- Executive VP, Semiconductor Business Group, Samsung Electronics [1993-1995]
- Executive VP, Semiconductor Business Group, Samsung Electronics [1992-1993]
- Managing director, Kheung Plant, Samsung Semiconductor & Telecommunication [1987-1992]

**Dae-Je Chin**

- President, Digital Media System Business Group, Samsung Electronics [2000-present]
- Executive VP & CTO, Samsung Electronics [1998-2000]
- Executive VP, System LSI Division, Samsung Electronics [1997-1998]
- General manager, Memory Division, Samsung Electronics [1987-1997]

**Doh-Seok Choi**

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

**In-Joo Kim**

- Executive VP, Financial Management Division, Samsung Electronics [1999-present]
- Managing director, Financial Control Task Force, Samsung Electronics [1998-1999]
- Managing director, Financial Management Dept., Samsung Group Restructuring Headquarters [1998]
- General manager, Financial Management Dept., Samsung Group [1991-1999]

**Franz-Hermann Hirtlinger**

- Outside director, Samsung Electronics [1998-present]
- Chief representative and first vice president, Bayerische Landesbank, Seoul & Tokyo offices [1995-present]
- Senior investment manager and head of international marketing, Credit Suisse [1991-1995]
- Senior portfolio manager, Hiltl AG, Liechtenstein [1990-1991]

**Suk-Soo Kim**

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

**Jae-Sung Hwang**

- Outside director, Samsung Electronics [2000-present]
- Examiner, National Tax Tribunal [2000-present]
- Advisor, Kim & Chang Law Firm [1999-present]
- President, Kyung-In/Seoul Regional Tax Offices [1996-1999]
- Head of Investigation Bureau, National Tax Service [1995-1998]

**Tetsuo Iwasaki**

- Outside director, Samsung Electronics [2000-present]
- Co-founder/Chairman, Applied Materials Japan [1979-present]
- President & CEO, Applied Komatsu Technology [1994-present]
- Member, OECD Committee [1994-present]

**Sung-Lark Rim**

- Outside director, Samsung Electronics [2000-present]
- Chief consultant, Korea Financial Planner Association [2000-present]
- Outside auditor, Samsung Electronics [1998-2000]
- President & CEO, Kookmin Investment Trust Management [1998-2000]
- Managing director, Korea Long Term Credit Bank [1998]
- General manager/director, Korea Long Term Credit Bank [1988-1998]

**Goran S. Malm**

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

**Kap-Hyun Lee**

- Outside director, Samsung Electronics [2001]
- President, Korea Exchange Bank [1998-2000]
- Executive director, Korea Exchange Bank [1997-1999]
- Managing director, Korea Exchange Bank [1996-1997]
- Senior manager, Korea Exchange Bank [1991-1996]

GLOBAL NETWORK

Head Office	OVERSEAS NETWORK	
Samsung Main Building 250-2 ga, Taepyeong-ro, Chung-gu Seoul, Korea Tel: 82-2-727-7114 Fax: 82-2-727-7985 www.samsungelectronics.com	CHINA Production Bases Tianjin Tongguang Samsung Electronics Co., Ltd. (TTSEC) Tianjin, China Tel: 86-22-2296-2400	Samsung Electronics (M) Sdn. Bhd. (SEMMA) Port Klang, Selangor, Malaysia Tel: 60-3-3176-2050
KOREAN PRODUCTION BASES	Tianjin Samsung Electronics Co., Ltd. (TSEC) Tianjin, China Tel: 86-22-2532-1234	Samsung India Electronics (SIEL) Noida, India Tel: 91-11-8-456-8251
Suwon Complex 416, Maetan 3-dong, Paldal-gu Suwon, Kyonggi-do, Korea Tel: 82-31-200-1114 Fax: 82-31-200-1530	Huizhou Samsung Electronics Co., Ltd. (SEHZ) Guangdong, China Tel: 86-752-332-1401	Samsung Vina Electronics Co., Ltd. (SAVINA) Ho Chi Min City, Vietnam Tel: 84-8-896-5500
Kiheung Plant San-24, Nongsu-ri, Kiheung-eup Yongin-gun, Kyonggi-do, Korea Tel: 82-2-760-7114 Fax: 82-2-760-7049	Shandong Samsung Telecommunications Co., Ltd. (SS1) Shandong, China Tel: 86-631-562-6868	Thai Samsung Electronics Co., Ltd. (TSE) Sriacha Cholburi, Thailand Tel: 66-2-681-0501
Onyang Plant San-74, Buksu-ri, Paebang-myon Asan-gun, Chungchongnam-do Korea Tel: 82-41-540-7114 Fax: 82-41-548-7049	Suzhou Samsung Electronics Co., Ltd. (SSEC) Jiangsu, China Tel: 86-512-532-1234	Samsung Electronics Australia Pty. Ltd. (SEAU) NSW, Australia Tel: 61-2-9638-5200
Kumi Plant 259, Kongdan-dong, Kumi Kyongsangbuk-do, Korea Tel: 82-54-460-2114 Fax: 82-54-460-2111	Tianjin Samsung Electronics Display Co., Ltd. (TSED) Tianjin, China Tel: 86-22-2455-6242	Samsung Electronics India Information & Telecommunication Ltd. (SEIIT) Lalpat Nagar-III New Delhi Tel: 91-11-6932517
Kwangju Plant 217, Osan-dong, Kwangsan-gu Kwangju, Korea Tel: 82-62-950-6114 Fax: 82-62-950-6019	*China Customer Satisfaction (CCS) Tel: 8610-6497-3366	Samsung Electronics Philippines Co. (SEPCO) Manila, Philippines Tel: 63-2-526-3796
Chonan Plant San 33-11, Sungsung-dong Chonan, Chungchongnam-do Korea Tel: 82-41-529-7114 Fax: 82-41-529-6049	ASIA Production Bases Samsung Electronics Indonesia (SEIN) West Jawa, Indonesia Tel: 62-21-893-4005 Samsung Electronics Display (M) Sdn. Bhd. (SDMA) Seremban Negeri Sembilan Darul Khusus, Malaysia Tel: 60-6-670-3000	Samsung Electronics H.K. Co., Ltd. (SEHK) Hong Kong Tel: 852-2862-6900
	Samsung Japan Corporation (SJC) Tokyo, Japan Tel: 81-3-5641-9800	Samsung Electronics Taiwan Co., Ltd. (SET) Taipei, Taiwan Tel: 886-2-2758-9588
	*Asia Customer Satisfaction (ACS) Tel: 65-568-7500	

<p>CIS</p> <p>Production Base</p> <p>Uzbekistan Samsung Electronica Co., Ltd. (USE) Tashkent, Uzbekistan Tel: 7-371-180-0909</p> <p>Sales Bases</p> <p>Samsung g Electronica Moscow Co., Ltd. (SEMCO) Moscow, Russia Tel: 7-095-797-2385</p> <p>* Samsung Russia Service Center (SRSC) Tel: 7502-564-8210</p> <p>EUROPE</p> <p>Production Bases</p> <p>Samsung Wwinyard Park (SEMUK) Cleveland, U.K. Tel: 44-1740-660000</p> <p>Samsung Electronica Espanola, S.A. (SESA) Barcelona, Spain Tel: 34-93-862-9600</p> <p>Samsung Electronics Hungarian Co., Ltd. (SEH) Budapest, Hungary Tel: 36-1-250-2311</p> <p>Sales Bases</p> <p>Samsung Electronics GmbH (SEG) Schwalbach/TS, Germany Tel: 49-6196-66-1000</p> <p>Samsung Semiconductor Europe GmbH (SSEG) Schwalbach/TS, Germany Tel: 49-6196-66-3300</p> <p>Samsung Semiconductor Europe Limited (SSEL) Middlesex, U.K. Tel: 44-181-380-7200</p> <p>Samsung g Electronics U.K. Ltd. (SEUK) Surrey, Surrey, U.K. Tel: 44-181-391-0168</p> <p>Samsung Electronics France S.A. (SEF) Cedex, France Tel: 33-1-4938-6525</p> <p>Samsung Electronics Italia S.p.A. (SEI) Cernusco sul Naviglio, Italy Tel: 39-2-921891</p>	<p>Samsung Electronics Svenska AB (SESAB) Vasby, Sweden Tel: 46-8-590-966-00</p> <p>Samsung Electronics Polska Sp.Zo.O (SEPOL) Warsaw, Poland Tel: 48-22-608-4400</p> <p>Samsung Electronica Portuguesa S.A. (SEP) Linda-a-Velha, Portugal Tel: 351-1-414-8100</p> <p>Samsung Electronics Benelux B.V. (SEN) Rijswijk, The Netherlands Tel: 31-70-307-2910</p> <p>Samsung Electronics Overseas B.V. (SEO) Amsterdam, The Netherlands Tel: 31-20-575-3012</p> <p>* Europe Customer Satisfaction (ECS) Tel: 441-95-220-7126</p> <p>MIDDLE EAST & AFRICA</p> <p>Sales Bases</p> <p>Samsung Electronics South Africa Ltd. (SSA) Johannesburg, South Africa Tel: 27-11-254-3668</p> <p>Samsung Gulf Electronics FZE (SGE) Dubai, U.A.E. Tel: 9714-881-3335</p> <p>* Gulf Customer Satisfaction (GCS) Tel: 9714-883-8416</p> <p>AMERICA</p> <p>Production Bases</p> <p>Samsung Mexicana S.A. de. C.V. (SAMEX) Tijuana, Mexico Tel: 1-619-671-6000</p> <p>Samsung Electronica da Amazonia, Ltda. (SEDA) Sao Paulo, Brazil Tel: 55-11-5644-6400</p> <p>Samsung Austin Semiconductor (SAS) Texas, U.S.A. Tel: 1-512-672-1000</p>	<p>Sales Bases</p> <p>* Samsung Electronics America, Inc. (SEA) New Jersey, U.S.A. Tel: 1-201-229-4000</p> <p>Samsung Telecommunications America, Inc. (STA) Texas, U.S.A. Tel: 1-972-761-7000</p> <p>Samsung Semiconductor Inc. (SSI) California, U.S.A. Tel: 1-408-544-4000</p> <p>Alpha Processor, Inc. (API) Massachusetts, U.S.A. Tel: 1-978-318-1100</p> <p>Samsung Electronics Canada Inc. (SECA) Ontario, Canada Tel: 905-819-5056</p> <p>Samsung Electronics Mexicana S.A. (SEM) Mexico D.F., Mexico Tel: 525-747-5100</p> <p>Samsung Information Systems America, Inc. (SISA) California, U.S.A. Tel: 1-408-544-5435</p> <p>* Samsung Electronics Latinoamerica (Zona Libre), S.A. (SELA-Panama) Panama City, Panama Tel: 507-210-1122</p> <p>Samsung Electronics Latinoamerica Miami Inc. (SELA-Miami) Miami, U.S.A. Tel: 1-305-594-1090</p> <p>Samsung Electronics Latinoamerica Colombia S.A. (SELA-Colombia) Santafe de Bogota, Colombia Tel: 571-633-4470</p> <p>Samsung Electronics Argentina S.A. (SEASA) Buenos Aires, Argentina Tel: 54-11-4308-4668</p>
---	---	---

* [Global Service Network](#)



Thank you for your interest in Samsung Electronics!

For all the latest news and investor information, please visit our website at www.samsungelectronics.com and point your mouse at the "who we are" link in the upper left corner.

IR Team, 24th Floor, Samsung Main Building, 250-2 ga, Taepyung-ro, Chung-gu, Seoul, Korea
E-mail: IRTeam@samsung.co.kr Phone: 82-2-727-7760 Fax: 82-2-727-7879

Produced by Cheil Communications Planned by INCA Created by I&I



WORLDWIDE WIRELESS COMMUNICATIONS PARTNER