



MEETING THE  
**challenge**

SAMSUNG  
ANNUAL REPORT  
1995







# Welcome.

SAMSUNG TOUCHES LIVES EVERYWHERE. WE INVITE YOU TO SEE HOW THE WORLD'S HOPES AND NEEDS CHALLENGE OUR CREATIVITY AND COMMITMENT...AND HOW SAMSUNG'S UNIQUE VISION, WORLD-CLASS INNOVATION AND GLOBAL GROWTH WILL MAKE US ONE OF THE WORLD'S TOP 10 COMPANIES BY THE YEAR 2000. WELCOME TO THE WORLD OF SAMSUNG.



## The hinoki *and* the pine:

An essay about growing value at Samsung. p.13



## Innovation:

Samsung's challenging 360° viewpoint

In products, technologies and strategies, innovation is key to our success. And Samsung's key to innovation is our panoramic perspective—viewing every multifaceted aspect of a situation, inside and out, interconnected, globally, without limits. That 360° viewpoint pays off not only in energizing Samsung's innovations, but in exciting our employees, partners and customers as well. **p.30**

## **Vision:**

The world challenges us to succeed

Chairman Kun-Hee Lee outlines his unique vision and the profound challenges that are rapidly transforming Samsung for a new era of unrivaled global competition: "Only the best companies—the most innovatively responsive to the needs of customers *and* the most honestly responsible to the needs of society—will thrive. Samsung will be one of the best." **p.6**



Page 13

## **Globalization:**

Challenges for the 21st century corporation

As the world challenges us with its diverse needs, we grow globally by growing closer to each region—a proactive strategy of globalization combined with localization. In this "global village," the ubiquitous need is for quality. How do we know? Samsung listens. And delivers. **p.14**



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## Samsung *is*:

A new Samsung for a new era

Take a close-up look at the key components of Samsung—our Electronics, Machinery, Chemicals and Finance Subgroups, and other Samsung companies. Their operations and 1995 results paint a vivid picture of Samsung's overall strength for continued success in the 21st century.

**p.64**

### Financial & Operating Highlights

- With 233,000 employees and 340 offices and facilities in 66 countries, Samsung ranks as one of the world's largest companies.
- 1995 sales climbed 36% to a record \$87 billion.
- Net income more than doubled, to \$3.8 billion in 1995, after more than tripling in 1994.
- Return on stockholders' equity jumped to 23% in 1995 from 16% in 1994.
- Across the board, we're accelerating toward our goal of becoming one of the world's top 10 companies by the year 2000.

## Where to find us:

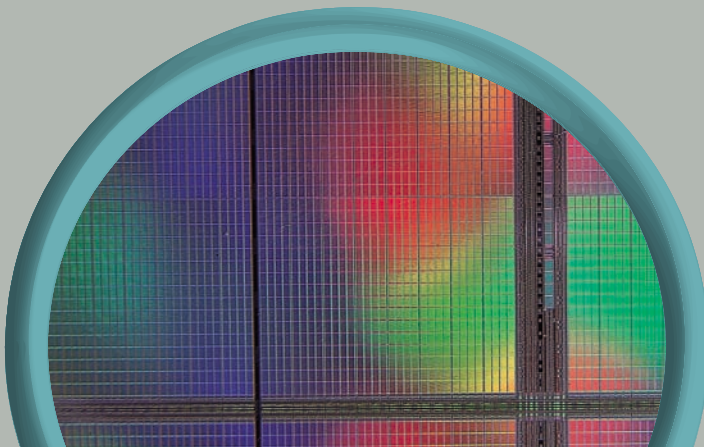
A directory of our offices

Our worldwide network includes a global matrix of our regional headquarters and a company-by-company directory to help you find your way through the world of Samsung. We welcome you in all our 340 locations around the world **p.90**

## **Commitment:**

Traditional values, new responsibilities

Contributing to society through business activities, as with our environmentally friendly Green Management, is the only way a 21st century company can earn the public's trust. We touch many lives with programs for social welfare, culture, the arts and education. The men and women of Samsung give richly of themselves to meet the challenges we set ourselves as a company that puts its humanity into practice. **p.46**



## **Financial Information:**

We're one of the world's largest companies-and growing. p.85





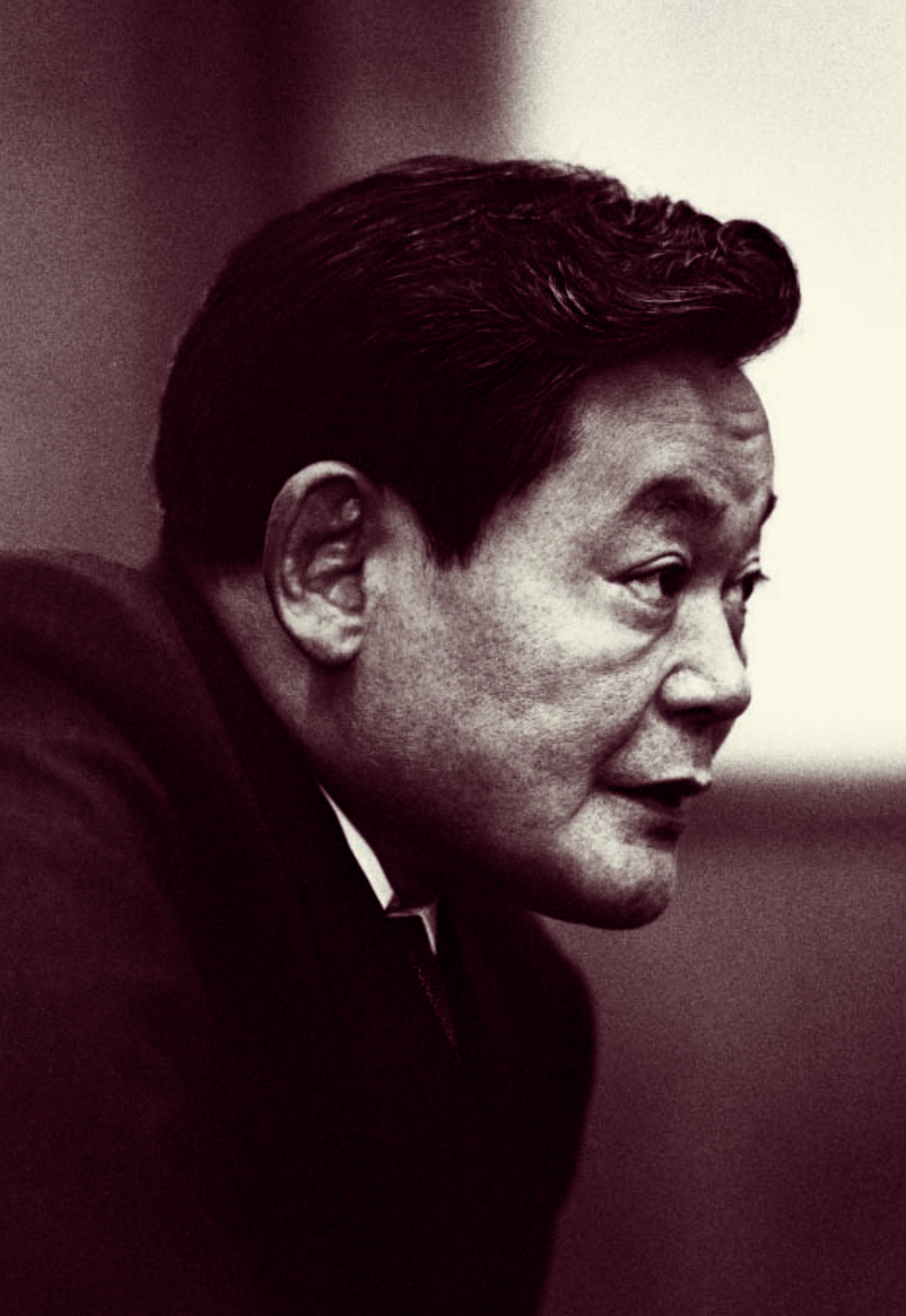
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ion:

## **The world challenges us to succeed**

OUR TARGET IS TO MAKE SAMSUNG ONE OF THE WORLD'S TOP 10 COMPANIES BY THE YEAR 2000. HOW? BY MEETING THE CHALLENGES OF CUSTOMERS EVERYWHERE. THAT MEANS PUTTING QUALITY FIRST, TODAY. FOCUSING ON SAMSUNG'S GLOBAL GROWTH IN STRATEGIC BUSINESS AREAS FOR TOMORROW. AND REMEMBERING THE PEOPLE AND COMMUNITIES WE SERVE, ALWAYS. FOR THE WORLD OFFERS CHALLENGES THAT DRIVE US TO SUCCEED, AS YOU'LL SEE....



**The challenge** that unleashes the energy of Samsung is the world and all its needs that our growing company can satisfy. This 21st century vision drives us:

We will build a new Samsung for a new era. We will devote our people and technology to create superior products and services, thereby contributing to a better global society. We will make Samsung one of the world's top 10 companies by the year 2000.

We are accelerating our drive. Though 1995's business performance was our best ever, 1995 also brought a new era of unrivaled global competition. Only the strong will survive, especially when economic conditions are less favorable. Only the best companies—the most innovatively responsive to the needs of customers *and* the most honestly responsible to the needs of society—will thrive. Samsung will be one of the best.

We began asking years ago, where do we really impress customers? What are our unique strengths, best-in-the-world

technologies? How many of our businesses and products are truly first-rate—globally? Are we growing internationally as fast as we must, and in the right places?

We listened, and learned to abandon old habits—like *quantity* as our historical measure of success. Today a company that doesn't focus on *quality* has little future. Hence our “Quality First” business priority is not only a challenge; it's a no-compromise focus of our everyday work—and essential to our growing number of “World's Best” products.

Worldwide, we're upgrading our business so each component is mutually enhanced and contributes to a greater whole. We've merged more units to strengthen competitiveness, shed others to focus on high-growth businesses like aerospace, telecommunications, retailing. And especially the automobile business: In 1995, we established Samsung Motors and drew on our diverse strengths, aiming to open the *complete* car market.

WE WILL BUILD A NEW SAMSUNG FOR A NEW ERA. WE WILL  
DEVOTE OUR PEOPLE AND TECHNOLOGIES TO CREATE SUPERIOR  
PRODUCTS AND SERVICES, THEREBY CONTRIBUTING TO  
A BETTER GLOBAL SOCIETY. WE WILL MAKE SAMSUNG ONE OF  
THE WORLD'S TOP 10 COMPANIES BY THE YEAR 2000.

Our reorganization and acquisitions focus today's four core industries—Electronics, Machinery, Chemicals and Finance—on tomorrow's technologies and strategic businesses. Our success in multimedia, for example, is speeding us toward the interactive information superhighway.

We're also accelerating globalization and localization—challenged by varying needs around the world and shifting more operations overseas, closer to local markets. In 1995, we established the fifth regional entity in a new “Second Samsung” level of increasingly autonomous regions: Europe, North America, Japan, China and now Singapore for Southeast Asia.

We are changing profoundly for a rapidly emerging new era in which corporations offer not just products—but intellectual assets, philosophy, culture. A new era that transcends two-dimensional thinking; not just a flat-world “game board” on which companies move pieces faster, to new targets—but thinking three-dimensionally

of new *ways* of operating, new Samsung synergies. A new era in which top companies focus on more than the bottom line—earning the customer’s trust, respecting society’s needs, valuing the employees who share the vision.

I have confidence in the men and women of Samsung to meet the opportunity of the 21st century: the world itself. Its challenges drive us to succeed.



## THE HINOKI AND THE PINE

### AN ESSAY ABOUT

### GROWING VALUE at SAMSUNG

Consider the hinoki tree—a rare beauty, slowly matured, of extraordinary and enduring value. It’s a model for a burgeoning, global Samsung. So is the prosaic pine tree.

You’ll find the towering, cone-shaped hinoki false cypress (*Chamaecyparis obtusa*) rising to its full height of 30 meters (100 feet) only in one region of Japan known for its heavy rainfall. You too may prize the impressive form, the sprays of tiny brown cones, the reddish bark that peels off in long, thin strips. But you’ll have to wait a century for a hinoki, which grows no more than 25 centimeters (10 inches) a year, to attain its full stature.

Sometimes a long wait is worth the while: Woodworkers value the hinoki’s highly aromatic and long-lasting wood for fine cabinetry, and they value their hinoki products highly: A simple cutting board can cost \$30,000.

So we take the hinoki as a model for planning high-value, long-term growth. It challenges us to look far ahead in assessing future markets and the value of our products in them.

On the other hand, sometimes you can’t afford a long wait. So we also take the pine as a model for valuable growth. Pine trees don’t require much investment, or much care after the first few years; yet

the varieties we favor (metaphorically speaking) continually grow in value— a profit we can harvest over and over while the hinokis of our world slowly mature.

What we won’t do is invest in commodity products whose slow growth and limited potential for added value make them little better than deadwood to us.

For Samsung’s high-value growth far into the future, our planning horizons comprehend the best economics—long-term or short, hinoki or pine. We grow in many ways to meet the world’s challenges.



Global

# Globalization: Challenges for the 21st century corporation

EVERY HEARTBEAT, EVERY MINUTE OF EVERY DAY, THE WORLD'S HOPES AND NEEDS CHALLENGE SAMSUNG. AND AS THE WORLD DRIVES US, WE EMBRACE IT WITH A PROACTIVE STRATEGY OF GLOBALIZATION LINKED WITH LOCALIZATION: TO BUILD GLOBAL STRENGTH, LISTEN TO AND BUILD UP KEY LOCAL AREAS. INCREASE COMMUNICATIONS AND AUTONOMY. EMPOWER EMPLOYEES OF EVERY RACE AND CULTURE. ENRICH THE LIVES OF PEOPLE EVERYWHERE. NOW, FEEL THE PULSE OF SAMSUNG WITH SOME PRIME MOMENTS OUT OF ONE DAY IN THE LIFE OF A UNIQUELY DIVERSE COMPANY AROUND THE WORLD....



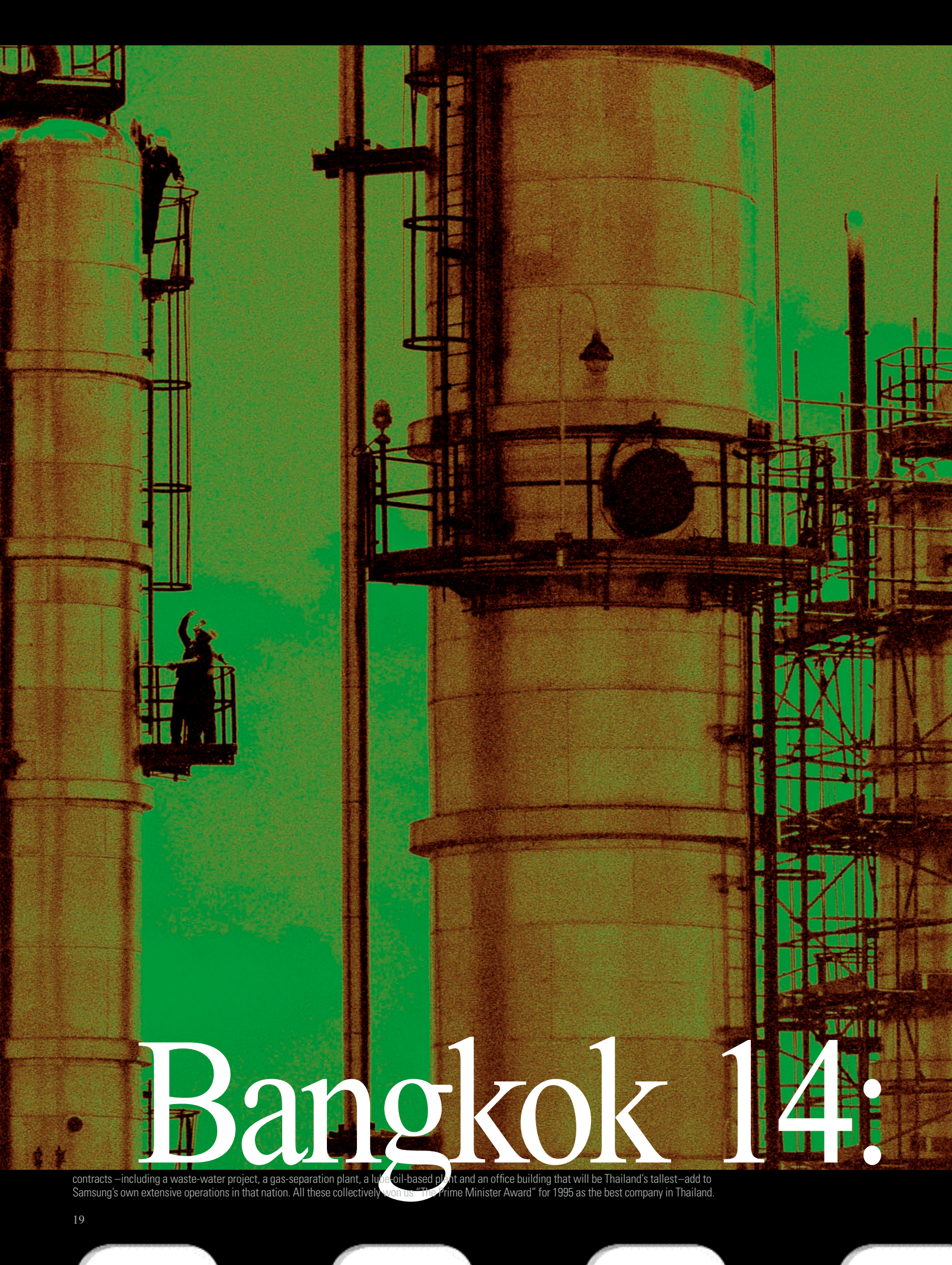
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and computer monitors, and will add a training center in 1996. A second stage of development to add an R&D center and other products will enhance our presence in Europe, one of Samsung's five key regions worldwide. We've also bought a site in London to build our headquarters for Europe.

A man in a brown shirt is walking in a factory, carrying a large cardboard box. The background shows a blurred industrial environment with overhead lights and machinery. The overall color palette is warm, with shades of brown and orange.

# Wynyard 17

Samsung Wynyard Park, opened in October 1995 by Queen Elizabeth II, helps us build global strength by concentrating operations in the most important areas. This \$700 million integrated complex in the north of England began its manufacturing activities with microwave ovens (above)



# Bangkok 14:

contracts—including a waste-water project, a gas-separation plant, a lube-oil-based plant and an office building that will be Thailand's tallest—add to Samsung's own extensive operations in that nation. All these collectively won us "The Prime Minister Award" for 1995 as the best company in Thailand.



02

Samsung, unrivaled in cost competitiveness and technological expertise for ethylene plants, is completing this \$350 million facility in southeastern Thailand for Thai Petrochemical Industrial Co. Thailand is one of the economic tigers in our key Southeast Asia region, and such construction



# Bucharest 9:41

Samsung's "brand shop" in Bucharest, like those in Budapest and elsewhere, sells Samsung products exclusively and showcases our worldwide reputation for quality. In only three years, Samsung grew to second in Rumania's TV market with a 22% share.

## SETTING UP SHOPS IN THE GLOBAL VILLAGE

a n e s s a y a b o u t  
s a m s u n g ' s g l o b a l c h a l l e n g e  
f o r t h e 2 1 s t c e n t u r y

“Global village.” It’s the challenging thought of one totally wired, completely interconnected, media-age planet. Imagine everybody *instantly* able to know anything—useful data, billions of neighbors’ gossip, everything. It’s almost here, this see-it-now global village, increasingly wireless, soon two-way and interactive.

And Samsung is a pioneer along this information superhighway. In fact, Samsung’s diverse technologies and resources have already helped make us a global leader in many industries:

- Samsung builds the world’s biggest container ships and the world’s best very large crude-oil carriers, with double-hull protection for fragile marine ecosystems.
- The Samsung ellipse brightens developing economies—shining, for example, over the best factory in Thailand, the largest department store in Rumania and a huge new

manufacturing complex in Mexico.

- Our name’s on the front of the first Korean truck to cross Siberia; on some of the world’s best excavators, bulldozers and loaders, and on the fastest 2000 cc Prototype II racing machine at Japan’s 1995 POKKA International 1000K.

- Samsung’s responsible for the most luxurious wool fabric and the finest silk carpet on the planet—113 *million* knots, tied by machine.

- Samsung’s inside the 120 advanced F-16s we’re building for South Korea, and probably inside that new notebook PC you’ll soon be using.

Such superlatives suggest continued Samsung success in the 21st century. But are they enough? Even the most exciting companies may eventually get tired, or taken over. The world’s rapid change and now virtually unrestrained competition require size and strength and stability—and more—to survive.

Being smart also matters a lot—like Samsung’s developing next-generation technologies before the last generation has grown up. *Staying* ahead also calls for smart partners and smart strategies.

And the smartest idea of all, we feel, in this world of listen-to-us corporate credos, is to listen to *you*, our customers and partners, and the world’s diverse needs.

Our global strategy recognizes that there isn’t *one* global market any more than there’ll be one world car for both *autobahn* and still developing roads. You can count the number of different voltages, broadcast standards, even languages to interconnect the global village, but it’s still a huge place, fractured into countless communities. With billions of discrete, overlapping, conflicting, changing consumer preferences.

So how do you manage a world-wide corporation for the 21st cen-



IN KIHEUNG, KOREA, SEMI-CONDUCTOR RESEARCH AND DEVELOPMENT PROMISES CONTINUED SAMSUNG LEADERSHIP IN NEXT-GENERATION PRODUCTS WORLDWIDE.

CAMERAS FOR THE WORLD'S LARGEST GROWTH MARKET COME FROM OUR INTEGRATED FACILITY IN TIANJIN, CHINA, ALONG WITH TVS, VCRS AND ELECTRONICS PARTS.

OPENING A NORTH YORKSHIRE, ENGLAND, PLANT IN 1995 ENHANCES SAMSUNG'S PRESENCE IN THE EU MARKET FOR HEAVY EQUIPMENT LIKE EXCAVATORS, LOADERS AND FORKLIFTS.

ture? Globally. Regionally. Locally. Proactively. As Samsung does.

**Global:** We're one of the world's largest corporations, with 1995 sales of \$87 billion, 233,000 men and women, and 340 facilities in 66 countries.

We invested \$9.7 billion last year to remain a leader. And we're restructuring to become one of the world's top 10 companies by the year 2000. Example: The synergy of a January 1996 merger that combined Samsung Corporation's finance, marketing and data-gathering strengths with Samsung Engineering & Construction's expertise in technology and project management—enhancing our overall competitiveness for major construction jobs worldwide.

Around the world, we're targeting the biggest markets, procuring resources and siting manufacturing for the best economics, accelerating our global sales network and building a single, group-wide system for real-time access to information. In 1995, for example, 19 Samsung Electronics plants in 11 countries employed 11,000. By 2000, our plans are to increase those figures to include 60 plants in 21 countries employing 50,000.

**Regional:** We're managing through a system of regional headquarters

completed in 1995, an increasingly autonomous "Second Samsung" level in Tokyo for Japan, Beijing for China, Singapore for Southeast Asia, London for Europe, and New York for North America. These are strategic, integrated regions.

Take, for instance, what's becoming the largest investment in Europe by a Korean company, the U.K.'s Samsung Wynyrd Park that we started in 1995 with computer monitors and microwave ovens; later we'll integrate other products and an R&D center, then a second huge European complex by the year 2000. Electronics servicing also is integrated into a single system that supports controlling market shares like fax machines in the U.K., VCRs in Spain, cordless phones in Austria and color TVs in Hungary. Warranty cards come in seven languages.

In China, we're building a "Second Samsung" around an integrated complex in Tianjin and another begun in 1995 in Suzhou, where we also broke ground for our first non-memory device assembly plant outside Korea. China is, of course, the biggest single market in the global village, and we're China's biggest camera seller and VCR maker (sales up 115% last year). We're building a color-TV picture-tube plant and a largescale



material-handling system, providing hardware for China's optical network, sourcing materials for shipbuilding, and discussing joint development of airliners and other projects. You'll find our service centers throughout the provinces, and 24-hour service in Beijing.



In India, we've begun a \$630 million investment, and we're opening plants in Malaysia, Thailand, Vietnam and other high-growth Asian markets.

In North America, our newest multiplant site came on line in March 1996 in Tijuana, Mexico—close to the U.S., which will get 75% of its production. This \$200 million facility employs 2,300 people to make color TVs, TV-VCRs, color picture tubes, tuners, cameras and other products. With another 7,000 people and \$600 million more investment, we'll add products and generate \$3 billion in annual sales by the year 2000.



Bigger still, and only one day before Samsung Tijuana Park opened, we broke ground across the border in Texas for a \$1.3 billion plant that in 1997 will start making advanced semiconductor products like 16- and 64-megabit dynamic random access memory chips. **Local:** Picture a Korean drum-and-dance troupe at a cowboy rodeo



and barbecue: Incongruous? Not at all. Both were part of the Texas ceremonies. And at Samsung, much more than symbolism is at work in the substance of integrating our local sites and helping develop their economies. Samsung Tijuana, unlike some companies that simply use local labor, will get 90% of all its materials locally in four years. This same principle is at work at Wynyard in Europe, and in China, and around the globe.

Samsung also continues to grow outside these integrated local regions: coal in Australia, an oil discovery in Algeria, a construction contract in Russia, a TV-VCR plant in Brazil, a distribution center in Panama, a marketing unit in South Africa, inroads into telecommunications markets in Syria and throughout the Mideast....

To grow globally requires international financial expertise, as with 1995's debt offerings in currencies from German to Malaysian, plus Global Depository Receipts. Samsung Securities has new offices in New York, Hong Kong and Tokyo, and Samsung Japan plans a listing on the Tokyo Stock Exchange.

Of course, at home we're Korea's biggest corporation, and twice chosen as one of Asia's best.

**OUR COLON, PANAMA, DISTRIBUTION CENTER SUPPLIES PARTS AND TECHNICAL ASSISTANCE TO 18 NATIONS IN THE HIGH-GROWTH LATIN AMERICAN MARKET.**

**A EUROPEAN TRAINING CENTER OPENED IN 1995 AT TELFORD, ENGLAND, BRINGS UP-TO-THE-MINUTE TECHNOLOGY FOR SERVICE INSTRUCTORS FROM ACROSS EUROPE.**

**SAMSUNG'S "WORLD'S BEST" SERVICE PROGRAM INCLUDES NOT ONLY CENTERS LIKE THIS ONE IN TIANJIN AND OTHER CHINESE CITIES, BUT ALSO MOBILE UNITS IN THE PROVINCES.**

We're the largest systems integrator, camera maker, heavy-equipment manufacturer, and life insurance company and the first in Korea to build an information highway using superfast ATM switches for interactive video and teleconferencing. Korea is a base from which Samsung increasingly integrates itself with the world—as 1995's new purified terephthalic acid plant will make us the world's second-largest producer of this strategic chemical for polyester and diverse products.

**Proactive:** Nurturing strategic, global growth is key to building our 21st century corporation. The key to growth is taking the world's needs as our challenge. And what the world demands is quality.

We're emphasizing "value added" in businesses worldwide: cars, planes, ships; optics, semiconductors, display devices; computers,



**THAILAND HONORED A SAMSUNG FACILITY WITH A "BEST PLANT" AWARD, A FIRST FOR ANY KOREAN COMPANY AND A WELCOME ACKNOWLEDGEMENT FROM A KEY NATION IN OUR IMPORTANT SOUTH-EAST ASIA REGION. THE PLANT WON AFTER BEING IN FULL OPERATION FOR LESS THAN A YEAR.**

computer components/peripherals, computer systems; cameras, video & audio; innovations in retailing, finance, insurance; specialty chemicals, strategic petrochemicals, tank terminals; and advanced construction like nuclear-power stations, environmental facilities and next-generation steel plants. Plus, of course, telecommunica-

tions to connect the global village.

Nothing is more important to our value-added growth than our global research and development: The Machinery Subgroup alone operates seven R&D centers. In 1995, the Finance Subgroup set up an integrated research center, the Samsung Medical Center added a worldclass life-sciences research center, and many affiliates accelerated investments and hiring of researchers. Samsung Fine Chemicals, for instance, expanded its cutting-edge research, boosted investment at its Daeduk R&D Center, pursued technology development in China and began cooperation with research facilities in Russia.

To support all our affiliates, we're building a Samsung-wide technology base headed by the Samsung Advanced Institute of Technology. Around the world, our integrated network for production and

procurement will be expanded to include more R&D.

From planning to research to product development to materials sourcing to manufacturing to sales to service, Samsung is challenged by the world—and we give back as much as we get.

This 21st century corporation is at home in the global village.



# São Paulo 10:11

Samsung last year became Korea's first electronics company to open a plant in South America—a Manaus, Brazil, TV-VCR facility. Samsung marketers (above) aim now for 10% of the video & audio market in Brazil, leading the way to other products and other high-growth economies in South America.

# 20



Opened in March 1996, Samsung Tijuana Park marks an aggressive first step toward an integrated complex that by the year 2000 will be worth \$3 billion a year in sales to North America and Latin America's booming markets. By then, the plant will offer jobs to 9,300



# Tijuana 13:2

Mexicans and will draw almost 90% of its materials from local sources—reflecting Samsung’s practice of thorough development of host communities. Our people-oriented approach pays off in high quality and low employee turnover—just one-tenth of the nation’s average.



# Tianjin 1

Two of China's billion-plus consumers take home their first VCR—a Samsung naturally, since we're China's leading VCR maker in both technological sophistication and size—35% of the nation's production. Top-of-the-line quality, recognized by the Golden Bridge Award from Chinese consumer groups



# 8:20

and government institutions, means Samsung electronics command premium prices. Besides VCRs, six Samsung ventures in Tianjin produce TVs, VCR parts, cameras, wool and ferrite products. By the year 2000, Samsung Electronics will have invested \$1 billion in China, plus another \$2 billion by the Samsung Group.





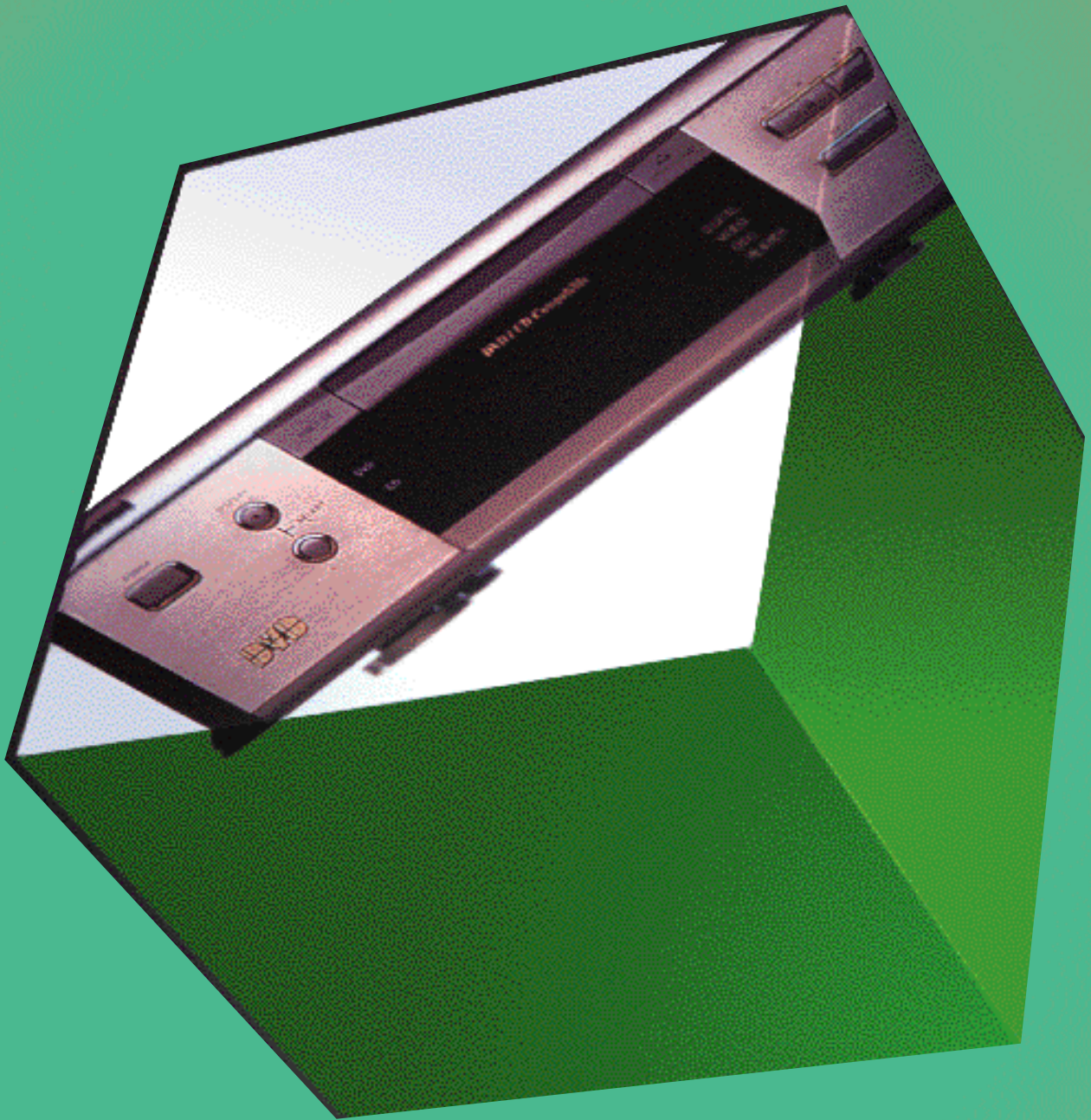
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## Samsung's challenging 360° viewpoint

CONSIDER EACH BUILDING BLOCK OF INNOVATION: IT'S A CUBE, THREE-DIMENSIONAL. OR, ROTATED HEAD-ON, IT LOOKS LIKE A SQUARE—TWO-DIMENSIONAL. IF YOU'RE AS EXCITED BY CHALLENGE AS WE ARE, TRY VISUALIZING A LIGHTER, STRONGER, CHEAPER, BETTER-LOOKING, MULTI-PURPOSE BLOCK. OR A BOX, WITH SPACE INSIDE—CAN WE SQUEEZE IN MORE? CAN WE, AS CREATIVITY EXPERTS SAY, THINK "OUT OF THE BOX" OF EVERY ASPECT, CONNECTED, WITHOUT LIMITS? THAT'S THE 360° VIEWPOINT, THE GLOBAL PERSPECTIVE THAT DRIVES INNOVATION AT SAMSUNG. TAKE A LOOK AT SOME SHINING EXAMPLES OF THIS MULTIFACETED INNOVATION....

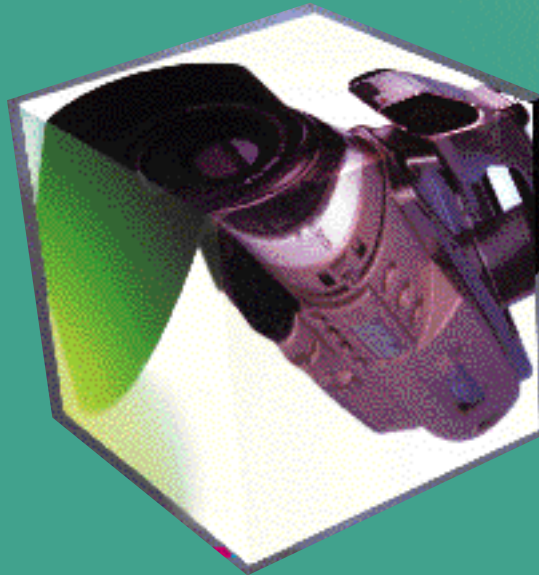


Video's future beyond videotapes and laser discs is the DIGITAL VIDEO DISC (DVD). And Samsung's innovative DVD-Player technology (100 patents pending) gives us a competitive edge in price and reliability with its unique optical pickup for audio CDs as well as DVDs. Next: Samsung's DVD-Recorder, which squeezes more than an hour onto one 13-centimeter (5-inch) disc.



Samsung's DIGITAL CAMCORDER (top) surpasses today's analog format with digital tapes that deliver a picture like a fine photograph and sound better than a CD— for every copy as well for the original tape. Digital camcorders' lighter weight, smaller size and advanced features will spur consumer demand over the next 10 years.

□ Samsung's new DIGITAL STILL CAMERA (bottom) can take up to 127 photos with its 2-megabit memory card...interact with a notebook PC or other computer, or with a TV, to edit or copy images...and print photos on ordinary paper in any color printer – instantly.



Wide-screen TVs offer the best possible viewing with the same width-to-height ratio as a movie-theater screen. These TVs require a special kind of WIDE-SCREEN PICTURE TUBE GLASS that was developed by Samsung Corning. The affiliate is expanding its production capacity to produce 25% of the world's supply of picture tube glass. □ TFT-LCD spells growth for Samsung. Now used mostly in small computers, these thin film transistor-liquid crystal displays are relatively small, like the 10.4-inch screen pouring off our newest production line. And in 1995, we added a 14.2-inch model in a TV, introduced the world's largest TFT-LCD – 22 inches – and developed a 30-inch model.



With a touch of the pen and the finger on its screen, Samsung's DIGITIZER SYSTEM converts your handwriting or drawing into digital data for your computer. In 1995, we began producing a smaller touch panel that uses either a pen or fingers to enter data into a PC or PDA (Personal Digital Assistant) with improved accuracy and reliability.



Samsung's Cheil Industries unit in 1995 developed an environmentally friendly flame retardant resin called PC/ABS. This resin is a vastly improved type of acrylonitrile butadiene styrene that's used in monitor and printer housings and other products. PC/ABS has excellent mechanical properties and processability, and better weather- and heat-resistance than other ABS resins.



# WITH A 360° VIEWPOINT YOU SEE EVERYTHING, CONNECTED

## a n e s s a y a b o u t i n n o v a t i o n a t s a m s u n g

Imagine yourself in a garden pavilion. Everywhere you look, the panorama of nature surrounds you. No walls to divide inside from out, no windows to define your perspective, just 360° of possibilities. Just like innovation at Samsung.

Our 360° viewpoint looks not just for “a better product” but encompasses broad creativity, interconnections, synergies, new purposes. Another way of putting that is what we call “multifaceted integration,” a concept we can explain by going back a couple of steps and looking at some concrete examples.

**Products:** Thinking today about tomorrow brings exciting new products like top-of-the-line audio systems, high-definition television (HDTV), Digital Video Disc (DVD) players—all innovations you’ll find at Samsung.

We also think creatively of making conventional products *unconventional*: a 46-inch super-wide TV; a flat, wall-hanging TV; the world’s

first “Bio-TV” that emits far-infrared rays beneficial for living organisms. Everybody has a camera; we have the world’s first 4x zoom camera and a 7x zoom in development. We make the world’s smallest plain-paper fax. The world’s quietest vacuum cleaner—only one-quarter the noise of conventional models.

Our *product strategy* is clear: We intend to quickly offer the best products at the lowest possible price to secure strong competitiveness, starting at home and expanding distribution globally. We require each affiliate to introduce one “World’s Best” product each year.

With products, our 360° viewpoint means, for example, that while a new device may be a technical wonder to our lab people, what do our production engineers think about actually manufacturing it? Our marketers ask whether there’s any demand for it and, if there is, will it sell at the price needed? Our environmentalists consider the raw

materials, effects of production and eventual recyclability. Others think about financing, inventory demands, service support, everything—360°.

We look inside *and* out, asking, “What do we know?” and “Where can we grow?” So, for instance, Cheil Industries knows materials like its high-end fabrics and resins; now it’s diversifying into plastics base materials and artificial marble.

Multifaceted integration applies as much to services as to products, as with the Finance Subgroup’s four companies in one building to offer consumers in Seoul one-stop shopping for their insurance, credit-card and securities needs.

**Technologies:** Next, let’s focus one level up from products and services— at the advanced technologies themselves now dawning, like home automation, intelligent buildings, interactive video, the



information superhighway, robotics, artificial intelligence. And all these, too, are well advanced at Samsung.



**top to bottom**  
DEVELOPMENT OF AN  
ENDOSCOPE DATA  
SYSTEM ADVANCED  
OUR GOAL OF BECOMING  
ONE OF THE WORLD'S  
LEADING MAKERS OF  
MEDICAL EQUIPMENT.

SAMSUNG MOTORS'  
DESIGN INSTITUTE,  
OPENED IN 1995 NEAR  
LOS ANGELES,  
CALIFORNIA, ADDS  
EXPERTS WHO HAVE  
HANDLED PROJECTS  
FOR THE WORLD'S TOP  
AUTOMAKERS—SOON  
TO INCLUDE SAMSUNG.

WE SEE THE AUTOMOBILE  
EVOLVING INTO A  
HYBRID THAT'S HALF  
ELECTRICAL AND  
ELECTRONIC—TWO OF  
THE AUTO-RELATED  
AREAS IN WHICH  
SAMSUNG IS A LEADER.

We think of next-generation technologies not in isolation but synergistically—mutually reinforcing and advancing the total state of the art at

Samsung. This *technology strategy* is another aspect of multifaceted integration, another benefit of our 360° viewpoint.

For example, we integrate our expertise in television, telecommunications and computers with our state-of-the-art multimedia technology to offer consumers home shopping, home banking, home automation. To facilitate interactive video, teleconferencing, and a faster information superhighway.

Ideally, technological integration spans the entire Samsung Group. The picture-tube glass for our wide TVs comes from Samsung Corning, whose knowledge of ceramics strengthens both elec-

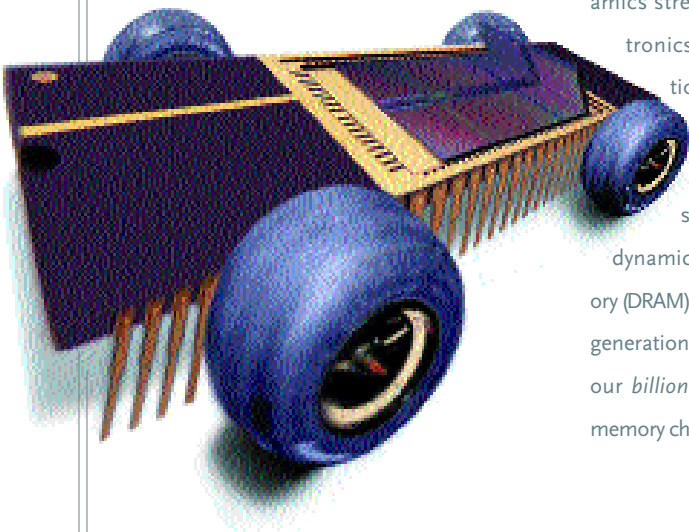


tronics and telecommunications. Our expertise from laptops to supercomputers expands to the systems business. Our dynamic random access memory (DRAM) chips—we're first in four generations at once—leads now to our *billion-bit* DRAM, and to non-memory chips like microprocessors.

And our semiconductor skills make possible the first 22-inch thin-film-transistor liquid-crystal displays (TFT-LCDs) for ultraflat TVs, and thus to a head start for HDTV and other next-generation technologies.

**Strategies:** Finally, look at the highest level of innovative integration—Samsung's strategies. Restructuring is one strategy to reshape the basic form of our 20th-century business into a sophisticated new structure with a 21st-century vision. Doing so around global industries with high-growth potential is another strategy. Focusing on developing key technologies for new businesses is yet another. Linking everything is multi-faceted integration, our 360° viewpoint of innovation. You might call it our "*strategies strategy*."

For a prime example of this 360° viewpoint at work, consider the automobile. We see it evolving into a hybrid that's half electrical and electronic, areas where we're a long-established leader. We see our base in automotive parts and components expanding, our recent years of experience making and selling trucks and other vehicles extending now to vans, soon to cars. We see growth for our machine-tool business, a huge new opportunity for our global trading organization, and distinctive after-sales services.



We look ahead to becoming one of the world's leading automobile manufacturers by the year 2010.

Established in March 1995, Samsung Motors broke ground for a technology center in Kiheung and a plant in Pusan to produce 80,000 units in 1998. We're developing components, setting up overseas branches, building a company-wide information network, hiring and training people from Korea, Japan,

Europe and the U.S.

In 1996 we're doubling the R&D staff and beginning tests to ensure flawless cars. Implicit in our 360° viewpoint is anticipating problems, seeing potential failures as well as successes. So we're building in active and passive safety systems. And we're differentiating Samsung from other Korean automakers by making quality the highest priority.

By early in the next decade, we'll have invested \$5.5 billion and be making 500,000 cars a year,



with a new model every year, including alternative-energy cars by 2005. That's multifaceted integration in innovation—product, technology, strategy.

We're not doing all this by ourselves because Samsung's 360° viewpoint includes seeing where we can learn from others—in cars, especially from close ties with Nissan. In 1995 we opened a U.S. design institute staffed with experts who've handled projects for the world's top automakers; in 1996 we're adding R&D centers in Japan and Europe.

Across Samsung, we've set up 26 international technology centers, from Boston to Moscow, to acquire and develop world-class technologies. Worldwide, strategic acquisitions are under way to strengthen Samsung's overall level of innovative technology, while strategic alliances build fruitful two-way links with other leaders.

Recent acquisitions include: **IgT**, securing chip-related technology for the information superhighway; **Union Optical**, a semiconductor, optics and instrument maker; control of computer maker **AST**, and an interest in **Jazz Multimedia**, bringing image and sound technology. Acquiring technology, Samsung General Chemicals signed an agreement with **UOP** of the U.S. for a \$526 million aromatics plant.

Recent joint-venture and technical agreements link Samsung to such other top companies as **Fujitsu** for TFT-LCDs; **NEC** for microcomputers; **Toshiba** for integrated circuits and flash



**top to bottom**  
SAMSUNG'S NEW SQUID—A SUPERCONDUCTOR QUANTUM INTERFERENCE DEVICE—WILL FIND USE IN SUPER-COMPUTERS, MEDICAL PRODUCTS AND OTHER HIGH-TECHNOLOGY APPLICATIONS.

OPENING OUR UTOO ZONE—A TOTAL FASHION SHOWROOM WITH MANY BRANDS, A RECORD STORE, TRAVEL AGENCY AND OTHER SERVICES—SETS A NEW STANDARD IN KOREAN RETAILING.

DIGITAL DISCS' STORAGE CAPACITY INCREASES AS THE LASER'S WAVELENGTH SHORTENS—INFRARED TO RED TO GREEN—AND SAMSUNG'S NEW BLUE LASER CAN PACK IN FOUR TIMES AS MUCH DATA AS BEFORE.

memories; **SGS-Thomson** for microprocessors; **Toray** for semiconductor bonding; **General Instrument** for multimedia ICs; **Siemens** for smart cards; **Siemens** and **InterDigital** for telecommunications; **CommQuest** for satellite communications; **SMS** for a new cellular-phone technology; **Dancall** for mobile phones; **Motorola** for personal digital assistants; **Honeywell** for aircraft-electronics software; **Bovis & Turner**, **Trafalgar & Tywood** and **Parsons** for construction engineering, and **BP** and **Union Carbide** for a vinyl acetate

passenger airliners and is part of groups developing advanced trainer aircraft, light helicopters and a four-passenger vertical-takeoff plane. We're also strong in large helicopter engines.

Even so, innovation speeds globally from company to company, so we're increasing our emphasis on design for a distinctive Samsung look to products. We've stepped up investment, added top-notch designers and established the Samsung Advanced Design Research Institute, the Innovative Design

ACROSS SAMSUNG, WE INTEND TO  
MORE THAN TRIPLE OUR RESEARCH STAFF  
AND BOOST R&D SPENDING  
FROM 5% OF SALES IN 1995 TO 12%  
BY THE YEAR 2000.

monomer plant. We also cooperate on development with many governments.

One of the most important industries for joint development and our independent work is our key business area of aerospace. Besides being chosen as prime contractor for the Korean F-16 Fighter Program, Samsung Aerospace is developing mid-sized

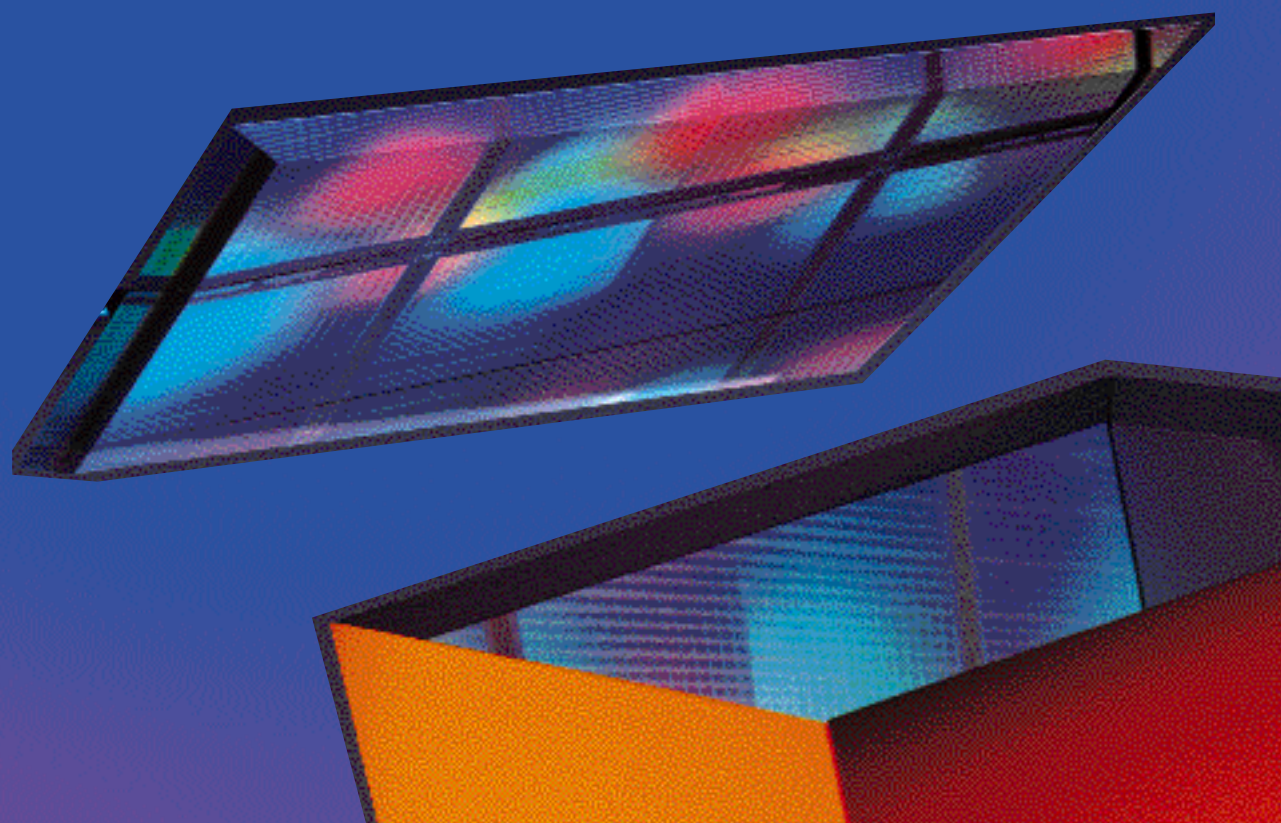
Studio, the Samsung Art Design School and design centers in Tokyo, Frankfurt and San Francisco. Samsung's 1996 "Year of the Design Revolution" will enhance group-wide excellence with a new "look of superiority."

Which is just one more way that Samsung's 360° viewpoint pays off in every aspect of innovation.

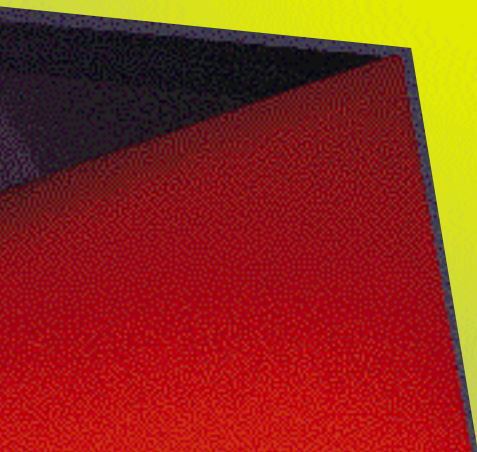
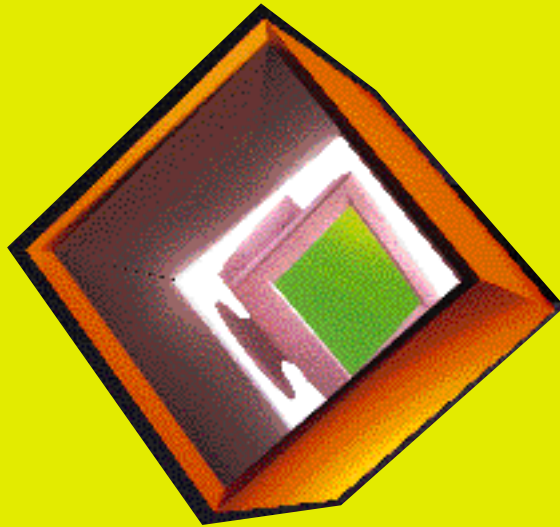
You can see innovation in Samsung's unique PLUSONE™ TV, which displays a full-width, error-free image virtually identical to what the TV camera captured. Its sound system and exterior design, both of which have won prizes, also make the PlusOne™ a breakthrough receiver—at a price comparable to conventional TVs—for owners of ordinary sets and first-time buyers in developing nations.



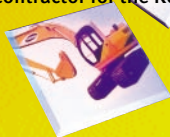
A billion bits of data on one chip—and Samsung has the prototype design for this 21st-century product. As impressive as the capacity of this SYNCHRONOUS DYNAMIC RANDOM ACCESS MEMORY CHIP, equivalent to 8,000 newspaper pages, are its low power consumption and its rapid data transmission—all key innovations for the developing multimedia industry.



Innovating for all compact-disc applications, in 1995 Samsung introduced the world's first HOLOGRAM PICKUP that uses a surface-emitting laser diode. The pickup is the core component that reads recorded data, and Samsung's new technology slashes manufacturing costs by 50% and power consumption by 90%—strong competitive advantages in a developing \$2 billion market. □ Innovative models in our SYNCMASTER series of computer monitors have won multiple honors: Innovations '96 Awards • Energy Star awards from the U.S. Environmental Protection Agency • The Editor's Choice • The Recommended seal and a tie for first place in assessments by leading computer magazines. • It's the monitor of choice for desktop publishing.



Of the thousands of heavy-construction equipment models surveyed by Construction Equipment, the leading U.S. trade journal, Samsung models make the list of the top 100 products year after year. We're Korea's largest maker of heavy construction equipment, and we're aiming to boost our share of this global market by aggressively expanding exports and by moving production overseas, as with our U.K. heavy-equipment plant completed in 1995. The first F-16 JET FIGHTER ever assembled in South Korea, and the first of an advanced F-16 model ever assembled anywhere outside the U.S., rolled out of a Samsung plant in 1995. As prime contractor for the Korea Fighter Program, we're also strengthening our aerospace technology for civilian aircraft and helicopters.



Driving to become one of the world's leading automakers by the year 2010, Samsung is accelerating investments and innovations, like our FORMULA SAMSUNG RACING MACHINE. Just two months after its 1995 debut, the car came in first in the 2000 cc Prototype II competition at Japan's POKKA International 1000K.





Comm



# Commitment:

## **Traditional values, new responsibilities**

NOURISHMENT AND HEALTH, KNOWLEDGE AND WELCOME—JUST A FEW OF THE THINGS SAMSUNG PEOPLE AND TECHNOLOGY CONTRIBUTE TO OUR WORLD. WE TOUCH MANY LIVES MANY WAYS WITH PROGRAMS FOR SOCIAL WELFARE, CULTURE AND THE ARTS, ACADEMICS AND EDUCATION, THE ENVIRONMENT, AND EMPLOYEE VOLUNTEERISM. SAMSUNG'S COMMITMENT TO SOCIETY IS OUR ABIDING CHALLENGE: PLANT SOME SEEDS, INVEST CARE, REAP A BOUNTY FOR GENERATIONS. IT'S OUR DUTY AS PEOPLE, AND OUR SATISFACTION AS SAMSUNG PEOPLE. HERE ARE SOME OF OUR STORIES....



# MinKyung Oh

AS AN ACCOUNT EXECUTIVE FOR CHEIL COMMUNICATIONS, MIN KYUNG OH'S LOVE IS ART, AND SHE SHARES HER MUSE AS A TUTOR TO AN YONG SOON, AN 8-YEAR-OLD CANCER PATIENT. TUTORING CRITICALLY ILL HOSPITAL PATIENTS IS JUST ONE OF THE MANY WAYS SAMSUNG PEOPLE HELP PEOPLE. WE ENCOURAGE, REWARD AND COORDINATE EMPLOYEE VOLUNTEERS; PROVIDE PAID VACATION TIME FOR SOCIAL-WELFARE WORK; AND SOMETIMES UNDERWRITE THEIR ACTIVITIES. WE SPONSOR AN ANNUAL VOLUNTEER WEEK, WHICH IN 1995 MOTIVATED 50,000 SAMSUNG VOLUNTEERS IN KOREA TO FORM 1,900 GROUPS WHOSE WIDE RANGE OF PROJECTS DEMONSTRATES SAMSUNG'S CORE VALUE: TO CONTRIBUTE TO SOCIETY.

**(Art Tutor)**





# Hyun Okwoo

HYUN OK WOO BELIEVES IN WHAT SHE DOES AS A TRAINER, AND FOLLOWS HER COMMITMENT IN HER LIFE. IT TOOK HER TO VIETNAM AS A COMPUTER TUTOR FOR CHILDREN IN SAMSUNG'S INTERNATIONAL VOLUNTEER PROGRAM, CALLED STARGEO. WE'VE ALSO SET UP THE SAMSUNG-VIETNAM EXCHANGE FUND FOR UNIVERSITY-LEVEL SUPPORT. WORLDWIDE, ANOTHER SAMSUNG PROGRAM EACH YEAR SENDS OVER 500 HIGH-POTENTIAL EMPLOYEES TO IMMERSE THEMSELVES IN THE CUSTOMS AND LANGUAGES OF OTHER NATIONS; THE ONLY WORK THEY'RE ASKED TO DO IS INVEST AT LEAST TWO OF THEIR 12 MONTHS ABROAD IN SOCIAL SERVICE—IMPROVING THE WORLD, THEMSELVES, AND SAMSUNG'S FUTURE.

**(Computer Instructor)**





# Augustin Manea

AS A YOUTH-SOCCER COACH IN BUCHAREST AS WELL AS AN ADMINISTRATOR, AUGUSTIN MANEA IS ONE OF MANY SAMSUNG PEOPLE WHO SHARE THE EXCITEMENT OF BUSINESS AND SPORTS COOPERATING HAND IN HAND.

WE'VE ESTABLISHED THE SAMSUNG CUP SOCCER TOURNAMENT IN RUMANIA, AND WE SPONSOR PROFESSIONAL SOCCER TEAMS IN HUNGARY, POLAND, GERMANY, ENGLAND, ARGENTINA, CHILE, CHINA AND OUR BLUE WINGS IN KOREA. OTHER SAMSUNG TEAMS COMPETE INTERNATIONALLY IN WRESTLING, BASEBALL, BASKETBALL AND TABLE TENNIS. WE ALSO SPONSOR INTERNATIONAL COMPETITIONS—FROM WOMEN'S GOLF AND TAEKWONDO TO THE 1996 SUMMER OLYMPIC GAMES IN THE U.S.—AND, WE'RE THE FIRST CORPORATE SPONSOR OF THE 1998 BANGKOK ASIAN GAMES.

**(Coach)**



## THE GOLDEN RULE, INCORPORATED

### AN ESSAY ABOUT SAMSUNG'S CONTRIBUTION t o SOCIETY

We all live together in society. And today, living harmoniously requires extending the reciprocal responsibility of the traditional community to the global village.

Harmony within the family, the community, the culture—and people in harmony with nature—is a central concept in the East. “No man is an island” in the West either, at least in the vision of the English poet John Donne and the imperative of “do unto others”—a “Golden Rule” that is Confucian and Christian and commonplace worldwide.

Call it everyday humanity or age-old jen, this ubiquitous idea of doing good for one another is the tradition behind the corporate culture of a global Samsung. We believe that fully realizing the role of a good corporate citizen, contributing to society through business activities and social development, is the only way a 21st century company can earn the public’s trust and social consent.

We do so with programs for the environment, customers, employees; with quality controls, investments, contributions; with education, medical advances, disaster relief; with volunteer work, care for our communities, sports. We’re taking on new roles and increasing our social contributions, to over \$295 million in 1995.

Social Welfare Programs and activities are wide-ranging, from improving public hygiene to sending social workers abroad for advanced training. While caring for people in need, like providing hot lunches for the elderly poor, we seek fundamental solutions to the problems of the disadvantaged—including job training and placement to help develop their self-sufficiency. For example, we established and support two electronics factories designed exclusively to employ the physically handicapped as full-fledged members of the Samsung community.

We renovate facilities for the physically disabled, and we’ve built and donated 117 vehicles specially built for them. We also provide transportation and surgery for the blind.

Our guide-dog school, the only one in Korea, develops trainers as well as seeing-eye dogs at our Everland Zoo, resort and amusement park. This program is perhaps the finest expression of Samsung’s belief that the relationship between people and animals enriches both and also improves society as a whole through greater humanity and appreciation of the sanctity of all life. With international cooperation, we’re doubling the number of seeing-eye dogs contributed in 1996 and planning further increases in 1997.

Samsung’s Special Purpose Dog Training Center prepares dogs for search-and-rescue work and the police and military. It’s an exchange program with the





**left SAMSUNG WELFARE CENTER HAS BUILT AND OPERATES 26 DAYCARE CENTERS FOR LOW-INCOME WORKING COUPLES, AND PLANS TO BUILD MANY MORE BY THE YEAR 2000.**

**right THE HO-AM ART MUSEUM'S THOUSANDS OF PRICELESS OBJECTS INCLUDE MANY DESIGNATED AS NATIONAL TREASURES, WHILE ITS SPECIAL EXHIBITIONS INTRODUCE KOREANS TO MAJOR TRENDS IN ART WORLDWIDE.**

U.K.'s West Midlands Police, which has praised Samsung's "amazing commitment." We also cooperate with the U.K. in our Toy Dog Kennel, which breeds pets for adoption by employees, who are willing to wait as much as a year.

Our Pet As Therapy program contributes dogs to orphanages, retirement and nursing homes, mental-health institutions and hospitals for the handicapped. One example: an autistic boy whose behavior has improved dramatically through his relationship with his new Labrador retriever.

From our work to preserve Korea's Jindo dogs and other rare breeds, to the U.K.'s annual Crufts Dog Show, to the Federation Equestre International/Samsung International Jumping & Dressage Competitions, to bird protection, to the preservation of rare wild species like the white tiger, no other company dedicates itself to animal welfare in quite the same way as Samsung.

Children, the future of our society, are at the heart of many programs. We've built 26 daycare centers and plan many more. We've set up the Center for Early Education & Development. We provide "Big Brothers" and financial help to teenagers who've lost their parents and taken charge of their households. We arrange medical assistance

for children with heart defects or facial deformities.

**Culture and Arts Programs** offer diverse support for our Korean and global heritage. Our Ho-Am Art Museum, for example, incorporates both masterpieces of traditional Korean art and the finest art from the West. Our Rodin Gallery is to be dedicated in 1997, followed by the Samsung Modern Art Museum in 2000. We supported 1995's opening of the Korean Gallery at New York's Metropolitan Museum as we'd previously established the Samsung Gallery at London's Victoria & Albert Museum.

Some treasures are for all of humanity to share. The Tripitaka Koreana, the 13th century wood-block engravings of the complete Buddhist sacred texts, in 1995 were designated by UNESCO as "World Heritages," along with their temple. With funding and technical expertise from Samsung, the Tripitaka Koreana is newly available on CD-ROM—all 53 million Chinese characters re-cited and rendered in digital format. Now we're helping reference the text, producing an electronic version of the Korean-language Tripitaka and planning an English translation—in order to share one vision of harmony within the cultural plurality we value around the world.



Looking to the future, we're working to stimulate creativity with the Samsung Children's Museum, which opened in 1995. Meanwhile, our \$26 million MAMPIST program will develop 200 young professionals in music, art, film, drama, dance and arts management.

Academics and Education Programs offer broad assistance to universities, plus thesis prizes to individuals to stimulate research and technology exchange. Another program, Samsung's Ho-Am Prize, recognizes research in six areas that further human welfare: basic science, engineering, medical science, the arts, mass communication and social services.

We fund international exchange programs, plus activities around the world: Korean studies programs at leading universities; Korean-language programs in Russia and China; SAT II (Scholastic Aptitude Test) for Korean-language majors in the U.S., and—to help develop Third World communities—scholarships, computers, audio/visual aids and books for schools. We're now sponsoring the translation of Korean literary masterworks into English.

Environmental Preservation Programs address the very basis

of human existence, the earth's biosphere, through an internal system called Total Quality Environment Management and through external activities and ecological organizations. Samsung affiliates' environmental activities have been expanding for years, and in 1996 we adopted a Green Management Declaration for the whole Samsung Group. Our Green Management objectives include:

- Minimize the adverse environmental impact of pollution-causing emissions and wastes and, by the year 2000, create plants that don't produce effluents.
- Be environmentally responsible for the entire life cycle of products, from inception to safe disposal.

- Operate all work sites to protect the world in which we live—with no pollution, no accidents, no illness.

To address local issues, everyone is mobilized on Earth Day. For years, people from each Samsung affiliate have volunteered for our "Adopt a River" and "Adopt a Mountain" cleanup programs. And as they've undertaken cooperative action in their parts of Korea, such programs have now taken root with the general public and with 450 other companies and public institutions, benefiting



**far left** SAMSUNG CHILDREN'S MUSEUM, OPENED IN 1995, IS KOREA'S FIRST EXPERIENTIAL LEARNING CENTER TO HELP CHILDREN EXPAND THEIR THINKING ABILITIES.



**above** VOLUNTEERS FROM THE SAMSUNG ELECTRONICS SUWON FACILITY CLEAN UP THE WONCHUN RIVER TWICE A MONTH. OUR "ADOPT A RIVER" AND SIMILAR "ADOPT A MOUNTAIN" PROGRAMS HAVE SPREAD TO HUNDREDS OF OTHER ORGANIZATIONS.



**left** HYUN-JAE LEE, CHAIRMAN OF THE HO-AM PRIZE COMMITTEE, PRESENTS THE 1996 HO-AM PRIZE FOR SOCIAL SERVICES TO LOIS F. LINTON. ESTABLISHED BY SAMSUNG, THE AWARD HONORS INDIVIDUALS OR GROUPS FOR THEIR CONTRIBUTIONS TO SOCIAL DEVELOPMENT AND THE ENHANCEMENT OF SOCIAL WELFARE.

**right** SAMSUNG OPERATES THE ONLY GUIDE-DOG TRAINING SCHOOL IN KOREA, ONE OF MANY PROGRAMS EXPRESSING OUR BELIEF THAT THE RELATIONSHIP BETWEEN PEOPLE AND ANIMALS ENRICHES BOTH.



12 rivers and 26 mountains around the country.

An environmentally sensitive Samsung starts with training for every employee worldwide. Cleaner air comes from the pollution-prevention programs we've completed, and from our clean-burning fuel. Broad improvements come from recycling and minimizing waste—by 50% at construction sites—and from treating and reusing water; we raise carp at some water-treatment plants. We also take responsibility for our products, right down to overseeing the collection and proper disposal of consumer electronics at the end of their long lives.

The challenge of environmental commitment drives both our business and social practices. These must not conflict, and ideally they overlap—a multifaceted integration of corporate responsibility. Examples: our own catalyst for auto exhausts, an environmentally friendly flame retardant, heat-treatment technology for urban sludge, a non-polluting tanker, a high-efficiency solar cell, and we're working on a practical electric car.

**Employee Volunteer Programs** encourage the men and women of Samsung around the world to contribute to solving local social problems. They not only put into practice our fundamental belief in harmony between businesses and society, but are enriched in

their own lives by their service.

In 1994 we established this employee volunteer program at every Samsung location in Korea. Drawing on their own interests and abilities as well as on their professional skills, 50,000 people volunteered to work on nearly 2,000 teams.

We encourage families as well as employees to volunteer for community involvement, from Seoul to remote villages needing donations, legal counseling, medical assistance or other help. We provide awards, financial support, insurance and up to seven days paid leave for employees' volunteer activities, and sometimes we underwrite their social-welfare causes.

Immediately after the earthquake that killed 5,000 in Kobe, Japan, Samsung was the first private relief organization to reach the scene, with 87 rescue workers, followed by 20 medical personnel to assist for a month. We also provided relief after disasters in Egypt, China and Russia's Sakhalin Island.

Samsung and the Tokyo Volunteer Service Center in 1995 jointly arranged a mountain climbing event in Korea for 30 blind people, with a similar event to be held in Japan in 1996.

Examples multiply around the world as Samsung affiliates shape their activities in harmony

with the societies in which they have operations.

To our own employees we offer extensive training, encouraging creativity and self-development in computers, foreign languages and other areas. Women, too often overlooked in the Asian work force, get additional programs like a night university.

With all of Samsung's socially responsible commitments, we've heard some good feedback from the public, host governments and our own employees. A survey in Korea, for example, rated Samsung first in service to the nation and to society in general.

We also listen to our own hearts to know that Samsung's social commitment is right. To measure whether we're reaching our goal of incorporating our traditional values into all of the new contributions that a 21st century corporation must make, we look to Samsung's vision:

*Are we devoting our human resources and technology to contributing to the betterment of society?*

Yes. And we'll do more to enhance our contributions to creating a better, harmonious society. To us, being a good corporate citizen is an integral part of being a first-class company. That's Samsung's challenge to succeed in every way.



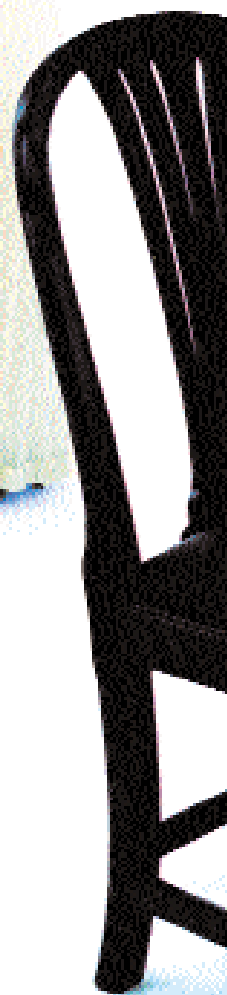
THIS SYMBOL OF A STAR CREATED BY PEOPLE JOINING HANDS MARKS SAMSUNG'S POLICY OF SOCIAL COMMITMENT. IT SYMBOLIZES OUR FIVE PROGRAMS FOR SOCIAL WELFARE, CULTURE AND ARTS, ACADEMICS AND EDUCATION, ENVIRONMENTAL PRESERVATION AND EMPLOYEE VOLUNTEERISM.

SUNG JIN KIM'S CHALLENGE IS THE ENVIRONMENTAL LEGACY WE LEAVE FOR FUTURE GENERATIONS, A VALUE HE SHARES WITH MANY OTHER SAMSUNG PEOPLE WHO ALSO VOLUNTEER TO CLEAN UP A RIVER IN THEIR AREA; OTHER AFFILIATES ADOPT NEARBY MOUNTAINS. SAMSUNG UNITS CAREFULLY MONITOR WATER QUALITY, AND TREAT AND REUSE WASTE WATER. WE'VE EVEN DEVELOPED A REVERSE-OSMOSIS FILTER THAT CAN TURN SEA WATER INTO POTABLE FRESH WATER AND FILTER OUT HEAVY METALS AND OTHER POLLUTANTS DOWN TO 1/10,000TH OF A MICRON (A MILLIONTH OF A METER). THROUGHOUT SAMSUNG, OUR GREEN MANAGEMENT PROGRAM WORKS FOR A HEALTHY FUTURE.



**Jin  
Sung Kim**  
(Environmental  
Manager)









THE SEJONG SOLOISTS, A “DREAM ENSEMBLE” FORMED IN 1995 FROM PRIZE-WINNING YOUNG SOLOISTS REPRESENTING FIVE NATIONS, THRIVE WITH THE SPONSORSHIP OF THE SAMSUNG FOUNDATION OF CULTURE. AND THIS CELEBRATED STRING ENSEMBLE COUNTS ON THE HELP OF THE FOUNDATION’S OH SUNG KWON, WHO’S IN CHARGE OF FUND-RAISING AND OTHER ACTIVITIES SUCH AS SCHEDULING THE GROUP’S TOURS THROUGHOUT THE U.S. AND KOREA. TO DEVELOP EXCEPTIONAL STUDENTS WHO DREAM OF A FUTURE IN MUSIC, WE’RE ESTABLISHING AN INSTRUMENT BANK TO LEND THEM SPECIAL INSTRUMENTS, AND WE’RE ENCOURAGING TRADITIONAL MUSIC LESSONS FOR PUPILS FROM ELEMENTARY THROUGH HIGH SCHOOLS.

**(Project Manager)**

Oh Sung Kwon

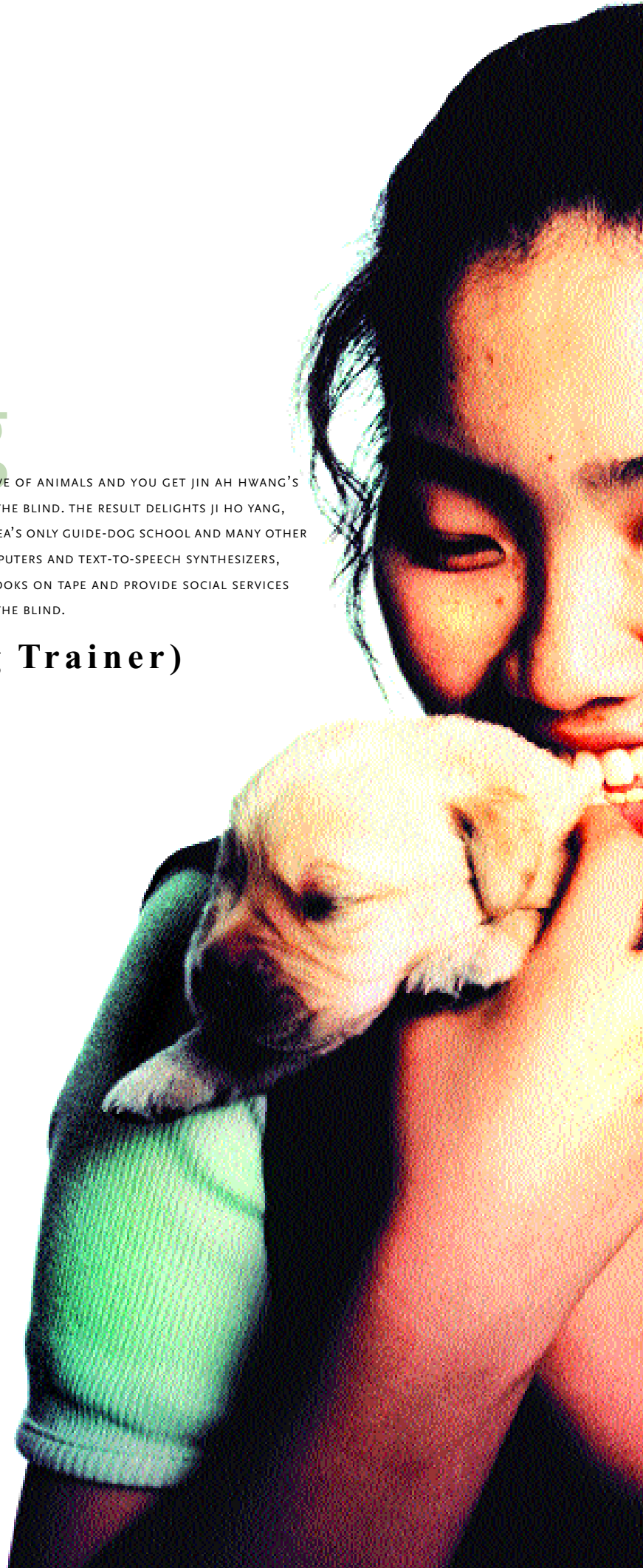




# Jin Ah Hwang

COMBINE A CONCERN FOR PEOPLE IN NEED WITH A LOVE OF ANIMALS AND YOU GET JIN AH HWANG'S CARING CHALLENGE: TO TRAIN SEEING-EYE DOGS FOR THE BLIND. THE RESULT DELIGHTS JI HO YANG, HIS DOG "ABE," AND ALL OF US AT SAMSUNG. WE RUN KOREA'S ONLY GUIDE-DOG SCHOOL AND MANY OTHER PROGRAMS FOR THE BLIND. WE DONATE SPECIAL COMPUTERS AND TEXT-TO-SPEECH SYNTHESIZERS, FUND SCHOLARSHIPS TO MUSIC SCHOOL, PRODUCE BOOKS ON TAPE AND PROVIDE SOCIAL SERVICES TO A VILLAGE FOR THE BLIND.

**(Dog Trainer)**



Samsung

**A new Samsung for a**

Samsung ranks as one of the world's largest companies:

- 1995 sales rose 36% to a record \$87 billion.
- Assets of \$86.8 billion at year-end 1995, a 33% increase to another record.
- 233,000 employees with 340 facilities in 66 countries.

And we intend to become one of the world's top 10 companies by the year 2000.

We're accelerating our progress:

- We've completed a restructuring into four core industries—Electronics, Machinery, Chemicals and Finance—plus one group of independent companies.
- We've expanded globally and

increased regional autonomy with a "Second Samsung" level in key geographic areas.

- We've stepped up research and development spending and capital investments in high-growth businesses like aerospace, telecommunications, retailing and— a major new effort—automaking.
- We've built strategic links to other global leaders, from Japan, across Eurasia, to the U.S.
- We've overhauled our corporate culture to enhance innovation, responsiveness and quality in every product and service. At the same time, we've deepened our traditional commitment to actively protect

the environment and to give back to society, including expanding our social contributions to over \$295 million in 1995.

- We've improved across the board, boosting return on average shareholders' equity to 23% in 1995 from 16% the year before, as 1994's was more than twice the 1990–1993 range.
- And we've more than doubled net income, to \$3.8 billion in 1995, after more than tripling it in 1994.

In these pages, you'll find a sector-by-sector, company-by-company look at the diverse strengths of a global leader—and a close-up view of how we're building a new Samsung for a challenging new era.

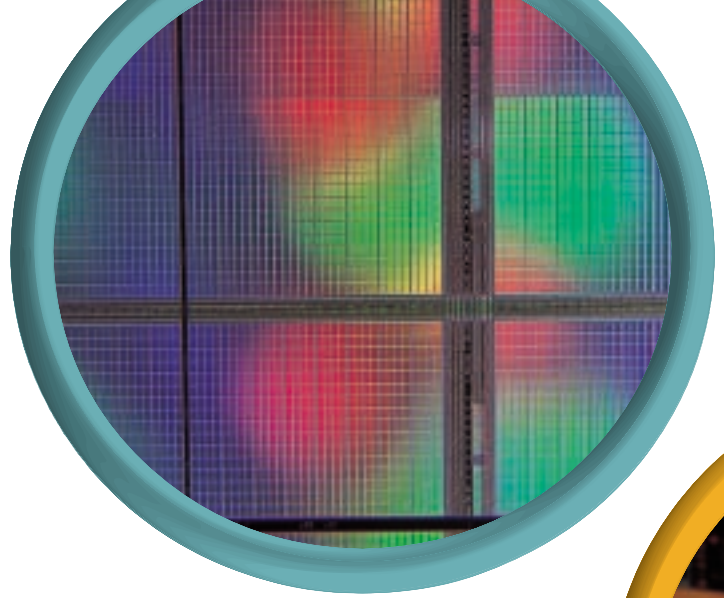
is:  
new era

## Electronics

The Electronics Subgroup is a cohesive unit capable of turning raw materials into highly sophisticated finished products. Fully integrated, Samsung Electronics produces video & audio products, appliances, information systems, computers and semiconductors.

**Samsung Electronics Co., Ltd.**  
**Samsung Display Devices Co., Ltd.**  
**Samsung Electro-Mechanics Co., Ltd.**  
**Samsung Corning Co., Ltd.**  
**Samsung Data Systems Co., Ltd.**  
**Hewlett-Packard Korea Co., Ltd.**  
**Samsung-GE Medical Systems Co., Ltd.**

Employees: 103,857  
1995 Sales: \$26.7 billion



## Machinery

Vertically and horizontally integrated, the Machinery Subgroup covers such areas as power plants, waste-treatment facilities, infrastructure, material-handling systems and “mechatronics” – the interface of mechanics and electronics.

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

Employees: 23,195  
1995 Sales: \$5.4 billion



## Chemicals

Samsung Chemical operations are built around petrochemical production. From this base, group affiliates continue to expand into such new, highly sophisticated products as high-polymer composites, engineering plastics and specialty chemicals.

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

Employees: 3,221  
1995 Sales: \$2.1 billion





## Finance

The Finance Subgroup includes life, property and casualty insurance as well as credit card and securities operations.

Aiming to become a leading player in 21st century global markets, the subgroup is accelerating growth to make it one of the world's 100 largest financial institutions. All of the companies expect to be formally united after the year 2000 under the umbrella of a single holding company, to be called Samsung Financial Services Co.

**Samsung Life Insurance Co., Ltd.**

**Samsung Fire & Marine Insurance Co., Ltd.**

**Samsung Card Co., Ltd.**

**Samsung Securities Co., Ltd.**

Employees: 86,419

1995 Sales: \$19.8 billion



## Other Samsung Companies

The Independent Affiliates Subgroup includes our new auto company, Korea's highest-rated hotel, its leading newspaper publisher, state-of-the-art medical and research institutes and cultural and welfare foundations.

**Samsung Motors Inc.**

**Samsung Corporation**

**Samsung Engineering Co., Ltd.**

**Cheil Industries Inc.**

**Joong-Ang Development Co., Ltd.**

**Hotel Shilla Co., Ltd.**

**The Joong-Ang Ilbo**

**Cheil Communications Inc.**

**S1 Corporation**

**Samsung Entertainment Group**

**Samsung Lions**

**Samsung Medical Center**

**Samsung Economic Research Institute**

**Samsung Human Resources Development Center**

**Samsung Advanced Institute of Technology**

**Samsung Foundation of Culture**

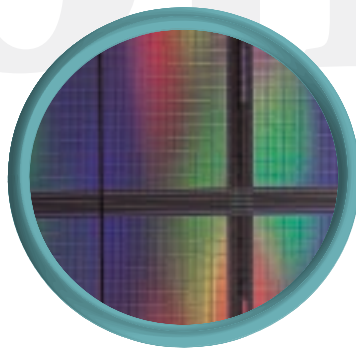
**Samsung Welfare Foundation**

Employees: 39,397

1995 Sales: \$33 billion



# Elec- tronics



Samsung Electronics' 1995 sales climbed 31% to a record \$21 billion, making it a world leader in electronics, and No. 1 for four consecutive years in sales of dynamic random access memory chips.

Samsung Electro-Mechanics, capitalizing on the trend towards smaller and lighter electronics products, makes the world's smallest tuners and is accelerating next-generation products.

Samsung Display Devices is the world's largest maker of color picture tubes, with 17% of the global market, and is boosting R&D spending to 15% of sales to increase its higher added-value products.

Samsung Corning, a high-tech glass company in Asia and Europe, has been chosen by the Harvard Business School as a model case study of a successful joint venture with Corning Inc. of the U.S.

**SAMSUNG  
ELECTRONICS CO., LTD.**

Samsung Electronics Co. (SEC) manufactures a broad range of electronics-related items, from semiconductors to finished consumer electronics, telecommunications hardware and multimedia products.

In recent years, SEC has emerged as a major player in the world electronics industry, ranking first in world sales of dynamic random access memory (DRAM) chips for four years in a row. In 1994, Samsung Electronics became Korea's first manufacturer to exceed \$13 billion in total sales (\$14.9 billion that year). Total sales for 1995 broke the \$21 billion mark, and exports reached \$14.5 billion.

Samsung Electronics is a leader in manufacturing multimedia products, which integrate many different advanced technologies. SEC has developed a 22" thin-film-transistor liquid crystal display (TFT-LCD), the world's largest to date, setting the stage to make wall-hanging TVs commonplace in the market. Other important R&D successes include a digital video disc (DVD) player, key semiconductors for high-definition TV (HDTV) and 3-D graphics chips.

In telecommunications, SEC was the first to commercialize the code division multiple access (CDMA) digital telecommunications system. The company has also produced such key parts as CDMA signal amplification chips, chips for asynchronous transfer mode (ATM) switching systems, and hardware for personal communications services (PCS). SEC also exports electronic switching systems to Russia, Eastern Europe, Southeast Asia and Latin America; and will soon offer telecommunications services as well.

In order to rapidly secure new technology and develop

new technology-intensive products, SEC is forming strategic alliances with leading companies around the world, investing in numerous joint ventures and acquiring part or all of overseas companies. SEC recently purchased LUX of Japan, bought a major share of AST Research of the U.S., and entered into technology sharing arrangements with Toshiba, NEC, Digital, SGS-Thomson and Siemens.

Samsung Electronics is both globalizing and localizing operations. The company operates five overseas regional headquarters, in London, Tokyo, Beijing, Singapore and New York, and maintains a global network comprising 64 offices. In order to better respond to local market demands, SEC maintains 22 offshore production facilities, including integrated electronics complexes in the U.K., Mexico and Malaysia and two in China. In addition, SEC operates eight overseas R&D centers as well as a product design center at each of its overseas regional headquarters.

**Employees:** 71,440

**1995 Sales:** \$21 billion

**Tel:** (82) 2-727-7114

**Fax:** (82) 2-727-7851, 7985

**Major Products:** TVs, VCRs, camcorders, audio systems, CD players, laser disc players, CD-ROMs, HDDs, refrigerators, microwave ovens, desktop PCs, notebook PCs, workstations, monitors, electronic telephone switching systems, facsimile machines, keyphones, cordless phones, pagers, cellular phones, optical fiber, DRAMs, SRAMs, flash memory devices, EEPROMs, ASICs, TFT-LCDs, PABX systems

**SAMSUNG  
DISPLAY DEVICES CO., LTD.**

Samsung Display Devices (SDD) is the world's largest maker of color picture tubes, with 90% of its products sold

overseas. In 1995, SDD produced 26.5 million color picture tubes, representing 17% of the world market. At the same time, the company continues to expand its production base for its full range of other display devices.

Investment in R&D has been increased to 15% of annual sales to create top quality products with higher added value. SDD has a research network that spans six countries, including the new European R&D Center in Germany. This network allows the company to develop products that better satisfy the specific needs of local markets.

Picture tubes are the base from which SDD has developed into a leading manufacturer of display devices, and has maintained its technological edge in this area. Recently, Samsung Display Devices developed the world's first 2.5R ultraflat picture tubes as well as many wide-screen TV picture tubes. SDD is the first to apply the "spin coating" technique to create the "low resistance, electromagnetic-emission-blocking" picture tube. SDD's new "long-life" picture tube lasts three times longer than conventional models, while the image on the "quick start" picture tube appears the instant the power is switched on.

Liquid crystal displays (LCDs) are emerging as key high-tech components in the electronics industry. SDD mass-produces 10.4" and 11.3" color super-twisted nematic (STN) LCDs for notebook PCs. Research is now under way on 33" color plasma display panels. The LCD Research Center was established in 1995 to rapidly develop this area of business and diversify SDD's product line-up.

At the same time, SDD is applying picture tube production technology to mass produce vacuum fluorescent displays



(VFDs) and aims to be the world's largest VFD maker by the year 2000. The company is also aggressively expanding production of light-emitting diodes (LEDs), which are used in everything from instrument panels to electronic outdoor billboards.

Samsung Display Devices continues to diversify as well, moving into such areas as batteries, digitizers, lamps and color filters. In 1995 the company began to build Korea's first color filter plant, located at Chunan, Korea, which includes a production and marketing system for metal halide lamps and high-voltage arc lamps.

SDD became the first domestic LCD maker to become ISO 9001 certified. In 1995, the British Standards Institute bestowed ISO 14001 DIS certification on SDD's Pusan Plant, the first production facility in Korea to pass this strict international standard for environmental quality. In May 1995, SDD was selected as the Company of the Year by the Korea Management Association.

Meanwhile, the globalization process is well under way at Samsung Display Devices. In 1995, steps were taken to add new offshore production facilities in China and Brazil to those already in operation in Malaysia, Germany and Mexico.

**Employees:** 12,000

**1995 Sales:** \$3 billion

**Tel:** (82) 2-727-3114

**Fax:** (82) 2-727-3111

**Major Products:** color picture tubes, liquid crystal displays, vacuum fluorescent displays, light-emitting diodes

#### **SAMSUNG ELECTRO-MECHANICS CO., LTD.**

Samsung Electro-Mechanics manufactures key parts and components for electronic products. In 1995, the company recorded the largest share of

the world market for deflection yokes (13.5%, worth \$193 million) and for flyback transformers (13.8%, worth \$148 million).

Samsung Electro-Mechanics operates production subsidiaries in Portugal, China (Tianjin and Dongguan), Thailand and Mexico and maintains 15 offices in a global network designed to keep the company close to its customers and to supply overseas markets quickly.

The trend in the electronics industry is toward products that are ever smaller and lighter. In response to changing needs, Samsung Electro-Mechanics has developed the world's smallest tuners (15cc) and is now mass producing chip-type electrolytic capacitors. Next-generation components such as laser diodes and magnet cores are also being developed.

In 1995, the Samsung Group became involved in the automobile business. As part of this effort, Samsung Electro-Mechanics is preparing to apply its "mechatronics" (mechanics + electronics interface) technology to develop and produce automotive parts. R&D activities are also focused on surface mounting devices and related core materials as well as on digital technology, radio communications technology and the production of parts and components for fiber optics systems. The company currently invests over 5% of total sales in research.

**Employees:** 10,000

**1995 Sales:** \$1.7 billion

**Tel:** (82) 331-210-5114

**Fax:** (82) 331-210-6363

**Major Products:** multilayer printed circuit boards, electronic tuners, deflection yokes, flyback transformers, radio frequency modulators, radio frequency modules, components for telecommunications systems, VCR heads, drum motors, VCR cylinders, AC motors, audio decks, speakers, keyboards, cable TV

tuners, cable TV converters, capacitors, surface mounting devices, spindle motors, sensors, electromagnetic interference filters, floppy disc drives, laser diodes, light-emitting diodes, laser scanning units

#### **SAMSUNG CORNING CO., LTD.**

Samsung Corning is a joint venture between the Samsung Group and Corning Inc. of the U.S. to produce high-tech materials. Main products include glass for TV picture tubes and PC monitors, indium-tin-oxide glass for liquid crystal displays and rotary transformers for VCR head drums. Each of these product categories represents at least 15% of the world market.

The company continues to evolve with the rapidly-changing electronics industry and provide top customer satisfaction by developing new, high-tech products. Samsung Corning is now manufacturing glass for HDTV, wide-screen TVs and TFT-LCDs.

In addition to the two production complexes in Korea (at Suwon and Kumi), color picture tube glass plants in Germany and Malaysia, and a ferrite plant in China, plans call for an ongoing expansion of the global network.

All Samsung Corning production operations are recognized as being friendly to the environment. The company has also been selected as a model case study of a successful joint venture by the Harvard Business School.

**Employees:** 3,600

**1995 Sales:** \$777 million

**Tel:** (82) 2-3457-9638

**Fax:** (82) 2-3457-9539

**Major Products:** TV picture tube glass, LCD glass, soft ferrite

#### **SAMSUNG**

##### **DATA SYSTEMS CO., LTD.**

Samsung Data Systems Co. (SDS) is Korea's largest information services company and

aims to be one of the world's major players in the 21st century information industry. Main business areas include systems integration, systems management, telecommunications services and training.

Quality is the top priority at SDS. In April 1994, the company became Korea's first information services company to receive ISO 9001 certification.

The company's impressive track record includes developing an automated clearance system for Korea's Customs Administration as well as a worker's compensation system for the Ministry of Labor.

Various systems integration services include visiting client companies to understand their information-related problems and developing efficient solutions. SDS uses its unique business re-engineering methods to create a new working environment for clients. The company will open its Unitel service in 1996, allowing subscribers to access news, data bases, education, home shopping and entertainment via their personal computers.

Samsung Information Technology Academy offers a full curriculum that covers basic computer use as well as specialized information-related technology. Using computer-aided instruction and other advanced multimedia techniques, the academy is educating computer specialists for the future.

SDS services bring together computers, communications and information. Systems integration services combine various multimedia hardware, packaged software, geographic information systems, computer-aided manufacturing, strategic information systems, business process reengineering and consulting to provide state-of-the-art infrastructure to public

institutions, as well as companies involved in electronics, heavy industries, chemicals, finance and retail. At the same time comprehensive systems management services covering everything from planning to installation and maintenance are offered to over 20 Samsung Group affiliates. Finally, SDS's telecommunications services offer a wide variety of quality global multimedia coverage 24 hours a day.

**Employees:** 5,500

**1995 Sales:** \$715 million

**Tel:** (82) 2-360-6000

**Fax:** (82) 2-360-6468

**Main Businesses:** systems integration, systems management, CAD/CAM, geographic information systems, telecommunications, information technology training, consulting, on-line services

#### **HEWLETT-PACKARD KOREA CO., LTD.**

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

This company markets Hewlett-Packard computers, instruments, medical diagnostic machines and other types of analytical equipment.

The company's production unit, Instrument Operation, in Seoul, Korea, has developed and is manufacturing over 15,000 power supply units a year for sale worldwide. The International Purchasing Division, which first exported over \$100 million in 1993, purchases electronic parts and components from domestic manufacturers and exports them to Hewlett-Packard production facilities around the world. Samsung Electronics and Hewlett-Packard also work together on domestically

produced workstations, which are being exported worldwide through Hewlett-Packard sales channels.

The company is the foremost supplier of sophisticated instruments, with world-class reliability and precision, to the domestic market. Technologies for measurement, computation and communication are being integrated to create new, comprehensive solutions for clients.

The Computer Division locally markets palmtop PCs, inkjet printers, UNIX RISC workstations and various server systems. The division leads Korea in the development of unrestricted client/server systems. It also holds a 48% share of the world market for UNIX systems and supplies a wider range of RISC systems than any other company. The division was first to introduce Deskjet printers to Korea, helping to popularize color printers. It now supplies the world's best printers and network products, Scanjet and PC servers.

In addition to outstanding products, Hewlett-Packard Korea offers clients comprehensive service support, consulting and optimal solutions to suit their specific needs.

**No. of Employees:** 1,070

**1995 Sales:** \$638 million

**Tel:** (82) 2-7690-114

**Fax:** (82) 2-784-7084

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

#### **SAMSUNG-GE MEDICAL SYSTEMS CO., LTD.**

Samsung-GE Medical Systems was established in 1984 as a joint venture between the Samsung Group and General Electric. The company develops, produces, markets and services magnetic resonance imaging (MRI) systems, computerized tomography

(CT) systems, ultrasound systems, X-ray systems and patient monitor systems.

In 1993, the company began to locally produce and market the RT-MAX, a mid-tier ultrasound system. The next year, it began producing the RT4600, a high-tier ultrasound system, and in 1995 Samsung-GE Medical Systems began producing and marketing CT systems.

The company's strict quality control system has earned it ISO 9001 and EN46001 certifications and has helped Samsung-GE Medical Systems maintain the top share of Korea's diagnostic imaging machine market.

The medical systems business requires advanced technology covering both basic and applied science to ensure high added value and environmental safety. Samsung-GE Medical Systems is bringing Samsung's excellent human resources and manufacturing expertise together with GE's advanced technology to research and develop new products that feature strong international competitiveness.

The latest product is the LOGIQ-a 200, a new, super-premium Ultrasound machine of high quality and with a low price. It will go to international markets in January 1997.

**Employees:** 247

**1995 Sales:** \$65 million

**Tel:** (82) 342-406-001

**Fax:** (82) 342-42-0423

**Major Products:** MRI systems, CT systems, X-ray systems, ultrasound systems, PET systems, gamma cameras, radiotherapy systems, patient monitoring systems, fetal monitoring systems, defibrillators, EKG systems, central piping systems

# Machin- ery



Samsung Heavy Industries derives almost half its sales outside Korea from industrial machinery and plants, offshore structures, construction equipment, vehicles and ship-building—including record ship orders in 1995.

Samsung Aerospace Industries, which in 1995 produced the first of 120 advanced F-16s in Korea, builds on its aerospace base with operations in industrial machinery and factory automation, precision instruments and opto-electronics.

Samsung Watch, enhancing its expertise and product line with new designers and technicians, is moving into Switzerland with a branch operation and the 1995 acquisition of a watch-case plant.

## SAMSUNG

### HEAVY INDUSTRIES CO., LTD.

Samsung Heavy Industries (SHI) has a wide range of products and activities, including industrial machinery and plants, shipbuilding, offshore structures, construction equipment, construction and commercial vehicles.

SHI's global network spans twelve countries, including five local subsidiaries and ten branches, to offer customers around the world quick service and information access. In addition, SHI operates a heavy equipment plant in the U.K., a tank farm in Thailand, and continues to build its global sales and after-sales service network.

With the completion of Dock No. 3 at its Koje Shipyard in 1994, the capacity of 1995 ship exports increased to \$1.1 billion, making SHI one of the world's leading shipbuilders. SHI received more new ship orders in 1995 than ever before, including major oil companies Chevron and Mobil as well as China's COSCO.

The Heidrun, a 3rd-generation 125,000DWT shuttle tanker delivered to Conoco of the Dupont Group, was chosen one of the "Best Ships of 1995" by leading industry journals in the U.S. and U.K. This marks the eleventh year in a row that SHI-built ships have been so honored.

SHI exports heavy equipment to 49 countries through a network of 119 dealers. In 1995, heavy equipment exports totaled over 3,000 units, up 50% from 1994. *Construction Equipment*, the leading U.S. industry journal, has chosen ten different models of SHI excavators, loaders and bulldozers as among the "Top 100 New Products of the Year" for the past four years.

Eighteen months after putting its commercial vehicles on the domestic market, SHI

has achieved the top rating for customer satisfaction and the second largest market share. The durability of SHI trucks was demonstrated in a 35,000km test drive from Vladivostok to Lisbon via Siberia during 1995.

SHI operates four R&D centers, one for each of its main business areas. These centers are developing highly economical, next-generation ships like high-speed cargo ships and yachts and new construction equipment models.

Almost half of SHI's revenues is now earned internationally, and it continues to strengthen these activities. By 2001, SHI plans to have a global network of 36 sales, production, after-sales service and R&D facilities in 29 countries.

**Employees:** 13,500

**1995 Sales:** \$3.8 billion

**Tel:** (82) 2-3458-6100

**Fax:** (82) 2-3458-6264

**Main Businesses:** ships, offshore platforms, bridges, steel structures, energy systems, environmental protection facilities, refineries, chemicals plants, cargo and material handling systems, marine engines, refrigeration and air conditioning systems, parking systems, distributed control systems, construction equipment, forklift trucks, commercial vehicles

### SAMSUNG AEROSPACE INDUSTRIES CO., LTD.

Samsung Aerospace Industries (SSA) was established in 1977 to perform aircraft engine overhaul and assembly. Since then, the company has been involved in numerous projects that require both high technology and high precision.

Samsung is the prime contractor for the Korea Fighter Program, with plans to produce 120 advanced F-16s by 1999. The first F-16 made in Korea rolled off the assembly line in May 1995 for delivery to the Republic of Korea Air Force.

Samsung Aerospace is gaining valuable technology in numerous other areas as well. The company is part of one international consortium to develop new kinds of aircraft engines, and part of another to upgrade F-5 fighters. SSA is also working with Bell Helicopter of the U.S. to develop and produce the B427 helicopter. Other projects include components for satellites; the KTX-2, an experimental trainer aircraft; a twin-engine airplane made of composite materials; and a new mid-sized commercial airliner. At the same time, SSA is producing airframe parts and helicopter engines for export.

In the defense industry, Samsung Aerospace has developed a self-propelled gun, various artillery pieces and equipment for combat engineers. The company has also helped modernize the Korean military by supplying it with multi-phase rockets and missile propulsion systems.

SSA has recently reorganized its operations into four main business divisions—Aircraft, Industrial Machinery & Factory Automation Systems, Precision Instruments and Opto-electronics Devices. Since acquiring the Rollei camera brand, SSA has developed its own 4-power zoom model and has set up camera plants in Mexico and China to better supply overseas markets.

Opto-electronics is a rapidly growing business area that includes mini-labs, control devices, charge coupled devices and instruments. SSA has acquired a stake in Union Optical Co. of Japan, gaining access to technology concerning high-performance microscopes as well as an overseas R&D center. The acquisition is expected to allow SSA entry into the medical systems business.

Samsung Aerospace is developing new machine tools in technical collaboration with

Japanese companies. The company plans to invest \$13 million over the next three years, thereby expanding machine tool sales to \$169 million a year by 1998. It is also increasing its investment in factory automation to develop new robots and other value-added systems to support the Samsung Group's entry into the automobile business.

**Employees:** 9,530

**1995 Sales:** \$1.5 billion

**Tel:** (82) 2-751-8853

**Fax:** (82) 2-751-8590

**Main Businesses:** Korea Fighter Program, Korean Trainer Experiment 2 Project, F-5 fighter upgrade, satellite components, twin-engine composite aircraft, mid-sized commercial airliners, airframe parts, helicopter co-development, helicopter shuttle service, aircraft engine production and development, 155mm self-propelled guns, ammunition cars and aiming vehicles, armored combat engineering cars, multi-function combat support cars, cameras, industrial machinery, factory automation systems, precision instruments, opto-electronics devices

### SAMSUNG WATCH CO., LTD.

Samsung Watch Co. (SWC), established in 1983, produces 1.8 million wristwatches, wall clocks and desktop clocks a year, maintaining a 20% share of the Korean market.

In January 1995, SWC ended a technology-sharing arrangement with Seiko of Japan and acquired a watch-case plant (76 employees, annual sales of \$7.8 million) from Nouvelle Piqueres SA in Bassecourt, Switzerland in order to focus production on Swiss-style watches and clocks.

**Employees:** 164

**1995 Sales:** \$74 million

**Tel:** (82) 342-40-8114

**Fax:** (82) 342-40-8312/3

**Major Products:** wristwatches (Rollei, Burret, Samsung, Kappa, Dolce) clocks (Rollei, Kappa)

# Chemicals



Samsung General Chemicals, which produces everything from base olefins to composite materials and specialty chemicals, is aggressively expanding products, moving into new lines and setting up plants outside Korea.

Samsung Fine Chemicals, continuing to diversify, stresses global R&D—including a new lab in Russia; facilities in China, Hungary and Germany; and Korean development and production of specialty chemicals that formerly had to be imported.

Samsung Petrochemical, whose 1995 opening of a third purified terephthalic acid plant made it the world's third-largest PTA producer, has been named a "Model Enterprise of Environmental Management" and in 1996 won ISO 14001 certification.

Samsung-BP Chemicals, a joint venture with British Petroleum, is adding a vinyl acetate monomer plant in 1996 and a second acetic acid plant in 1997 as part of its sustained effort to expand and diversify.

**SAMSUNG****GENERAL CHEMICALS CO., LTD.**

Samsung General Chemicals (SGC) operates a large petrochemical complex with a naphtha cracking center that can turn out 500 tons of ethylene a year, as well as 13 downstream plants that produce everything from base olefins to composite materials, specialty chemicals and new materials in a single, continuous process.

By aggressively expanding product lines as well as moving into new areas not directly related to naphtha, Samsung General Chemicals aims to become one of the world's ten largest chemical makers by early in the 21st century. More than 60% of SGC's 1995 revenues came from exports to such markets as China and Southeast Asia.

In 1995, SGC linear low-density polyethylene (LLDPE) plants received ISO 9002 certification, so now all SGC's polyolefin (including high-density polyethylene, polypropylene and low-density polyethylene) plants have been ISO 9002 certified. Armed with its strict quality control system, the company is now working to develop the world's very best high-density polyethylene and bi-axially oriented polypropylene film.

SGC set up a new R&D center at the Daeduk Research Complex, outside Taejeon, Korea in April 1995. The center is developing new materials, compounds for use in electronics, environmentally friendly resins, new energy sources and specialty chemicals. The facility will maximize the synergy effect among all chemical-related Samsung affiliates. As of year-end 1995, the group employed over 400 researchers who specialize in chemicals, and will increase that to more than 3,000 technicians by the year 2000.  
**Employees:** 1,600

**1995 Sales:** \$850 million

**Tel:** (82) 2-772-6114

**Fax:** (82) 2-772-6694

**Major Products:** ethylene, propylene, butadiene, benzene, C4 raffinate, styrene monomer, ethylene oxide/ethylene glycol, low-density polyethylene, ethyl vinyl acetate, linear low-density polyethylene, high-density polyethylene, polypropylene, composite materials, paraxylene, purified terephthalic acid, specialty chemicals, colored paving material (Roadmer)

**SAMSUNG****PETROCHEMICAL CO., LTD.**

Samsung Petrochemical Co. (SPC), a joint venture of the Samsung Group, Amoco Chemical Co. and Mitsui Petrochemical Industries, is the world's third-largest producer of purified terephthalic acid (PTA), the preferred raw material for polyester.

The company's No. 3 plant in Ulsan, Korea started up operation, boosting the company's total annual production capacity to 900,000 tons. Currently, SPC supplies 40% of the Korean PTA market and 6% of world demand.

SPC has long been widely recognized as the domestic leader in environmental management. The company has switched to clean burning fuel and adopted the latest waste water treatment technology for its new No. 3 plant. SPC has been named a "Model Enterprise of Environmental Operation" by the Korean government for three years in a row, from 1992-1994. In August 1995, SPC became the first Korean company to be designated as an "Environmentally-friendly Enterprise."

**Employees:** 545

**1995 Sales:** \$810 million

**Tel:** (82) 2-772-6300

**Fax:** (82) 2-754-5620

**Major Product:** purified terephthalic acid

**SAMSUNG****FINE CHEMICALS CO., LTD.**

Samsung Fine Chemicals (SFC) started out in 1964 as Asia's largest maker of urea fertilizer. SFC has continued to diversify its business and now produces everything from general chemicals to value-added specialty chemical products.

In 1995 the company completed a production facility for tetra methyl ammonium hydroxide (TMAH), a compound used as a semiconductor development solution. A second hydroxyl propyl methyl cellulose (HPMC) plant is scheduled for completion in July 1996. SFC's HPMC is widely recognized in world markets for its top quality.

SFC has set up an R&D laboratory at Russia's Zelinsky Institute of Chemistry, as part of a globalization drive that already includes research and information-gathering facilities in China, Hungary and Germany. The company also sponsors seminars in cooperation with leading overseas research institutes to promote the commercialization of newly developed specialty chemicals.

The company operates 19 production facilities inside the Ulsan industrial complex. These plants produce 42 products, including specialty chemicals, industrial-use chemicals, pharmaceutical intermediates, organic compounds and intermediate materials for pesticides and herbicides. Ten of the specialty chemicals, including HPMC, were developed by SFC and are being produced for the first time in Korea. By producing them locally, Korean industry can cut production costs and Samsung Fine Chemicals can export new products that long had been the exclusive domain of multinational specialty chemical makers.

SFC aims to record annual sales of \$1.3 billion by 2000.

**Employees:** 866

**1995 Sales:** \$402 million

**Tel:** (82) 2-772-1900

**Fax:** (82) 2-772-1809

**Major Products:** urea fertilizer, melamine, methylamine, dimethylformamide, malonate, formic acid, furfuryl alcohol, methyl chloride, chloroform, chlorine, caustic soda, methyl cellulose, ethylene amines, and such chemical production equipment as reactors, towers and columns, pressure tanks and heat exchangers

**SAMSUNG-BP****CHEMICALS CO., LTD.**

Samsung-BP Chemicals Co., established as a joint venture between the Samsung Group and British Petroleum, produces 200,000 tons of 99.9% pure acetic acid and 8,500 tons of hydrogen a year. The acetic acid is supplied to domestic makers of purified terephthalic acid as well as exported to China, Taiwan and Southeast Asia.

To remain competitive, Samsung-BP Chemicals is engaged in an ambitious R&D program that includes joint projects, technical information exchanges and conferences for presenting research results. By 2005, the company aims to be one of the world's top three producers of acetyls.

**Employees:** 210

**1995 Sales:** \$154 million

**Tel:** (82) 2-753-5644

**Fax:** (82) 2-753-8338

**Major Products:** acetic acid, vinyl acetate monomer

# Finance



Samsung Life Insurance posted the best 1995 results of any Korean financial institution in total assets, policies in force and premiums paid.

Samsung Fire & Marine Insurance restructured to enhance its focus on customers and quality.

Samsung Card Co., adding services for competitive advantage, is expanding internationally with U.S., Japanese and Chinese agreements.

Samsung Securities ranks first in Korea in institutional accounts and is second in bond trading as well as underwriting.

## SAMSUNG

### LIFE INSURANCE CO., LTD.

Samsung Life Insurance (SLI) faced more severe competition from domestic life insurance companies than ever before. To remain competitive, SLI initiated the industry's first quality assurance system and pursued a quality-oriented management approach. Results for the year were the top among all domestic financial institutions: \$489 billion in business in force, \$29.2 billion in total assets and \$12.5 billion in premiums received.

Another industry first in 1995 was to achieve business in force of more than 10 million policies. Samsung has rated the highest overall among domestic life insurance companies for the past ten years and the highest sales record of any Korean financial institution for nine years in a row.

Liaison offices were set up in Beijing and Hong Kong in 1995, and the company is currently investing in stocks and bonds in 15 countries.

The Samsung Finance Plaza offers customers access to the services of Samsung Life Insurance, Samsung Fire & Marine Insurance, Samsung Securities and Samsung Card—all under one roof for greater convenience. SLI has opened a new training course for agents in cooperation with Ehwa Women's University in Seoul to upgrade customer services and enhance professionalism.

Samsung Life continues to develop new products to satisfy changing customer needs and to create new markets. One of its annuity policies was purchased by 830,000 persons in 1995 alone, winning SLI the grand prize for financial products by the *Economic Daily* newspaper.

The Samsung Life Insurance Welfare Foundation operates 18 daycare centers

nationwide, provides free lunches to elderly persons in need and sponsors corrective surgery for persons with physical deformities.

**Employees:** 79,063

**1995 Sales:** \$15.4 billion

**Tel:** (82) 2-751-8000

**Fax:** (82) 2-751-8100

**Major Products:** life insurance, real estate

### SAMSUNG FIRE & MARINE INSURANCE CO., LTD.

Samsung Fire & Marine Insurance (SF&MI) leads Korea's non-life insurance business.

In-house campaigns in 1995 helped further improve service quality. The organization was restructured to make it more customer-oriented and a quality assurance system was adopted. As a result of these efforts, Samsung Fire & Marine became Korea's first property and casualty insurer to achieve the \$2.6 billion milestone in total sales and assets.

A new personnel system was instituted to make the best use of individual talent by sending employees to universities outside Korea to be trained as accountants, underwriters, loss adjusters or risk managers. A similar internship program has also been opened for people interested in working in Korea.

In 1995, Samsung Fire & Marine sponsored various cultural and sports events, donated guide dogs to visually impaired persons and dispatched international social service teams to help people in Vietnam and Myanmar.

By the year 2000, Samsung Fire & Marine Insurance plans to attain a total direct premium income of \$8.8 billion, a work force of over 6,400 employees, a policy sales force of over 44,000 (international and domestic) and total assets of \$13.8 billion.

**Employees:** 4,218

**1995 Sales:** \$2.8 billion

**Tel:** (82) 2-758-7114

**Fax:** (82) 2-758-7803

**Main Businesses:** fire insurance, automobile insurance, marine insurance, casualty insurance, long-term insurance, private annuity insurance

### SAMSUNG CARD CO., LTD.

Samsung Card Co., Ltd., established in 1988 to help develop a credit-based society in Korea, makes customers and service its top priorities.

As of the end of 1995, Samsung Card had 3.5 million cardholders. Gross volume for the year was \$8.4 billion and the company recorded over \$2.6 billion in total assets.

Samsung Card continues to initiate new services ahead of the competition in the domestic market to offer cardholders the greatest convenience. It issued the Samsung Automobile Card; increased the number of interest-free installment sales establishments; adopted a "one-stop" customer service system; introduced a service warranty system.

Samsung Card has become Korea's first credit card company to open overseas offices, establishing branches in New York and Tokyo. Arrangements have been concluded with Union Credit Card of Japan and China International Travel Service to begin internationalizing Samsung credit cards.

The company is also breaking new ground by developing a multi-purpose IC card and is also getting involved in consumer finance, home shopping, travel, insurance and information services as part of efforts to offer products and services of greater convenience.

**Employees:** 2,300

**1995 Sales:** 534 million

**Tel:** (82) 2-727-8000

**Fax:** (82) 2-753-1047

**Major Businesses:** cash advances, installment purchases, loans, financing, travel arrangements,

payment guarantees, insurance sales, ticket booking and advance sales, flower delivery, rentals, moving

## SAMSUNG

### SECURITIES CO., LTD.

Samsung Securities Co. (SSC) has achieved a strong reputation for reliability among investors. SSC ranks 12th in overall performance among Korea's 32 securities firms and is first in the nation in institutional investor accounts and ranks second in bond trading and underwriting.

Samsung Securities is currently focusing on strengthening its institutional investment business in order to achieve a balanced competitiveness in the face of the ongoing market deregulation. Samsung Securities intends to be one of the nation's top five in the industry in the 21st century, and is developing international brokerage, underwriting and bond trading as "strategic" business areas.

SSC has invested heavily in computer systems and research activities to quickly provide investors with accurate information. In 1995, it ran a series of tests in preparation for the opening of the KOSPI 200 futures market. SSC also became the first security company in Korea to invest in a joint venture with an overseas partner in order to expand its investment and trust business.

**Employees:** 838

**1995 Sales:** \$155 million

**Tel:** (82) 2-318-4788

**Fax:** (82) 2-726-0290

**Major Businesses:** stock and bond brokerage, securities savings products, bond management funds, repurchase agreements, certificates of deposit



# Other Samsung Companies



Samsung Motors, established in March 1995 as a major entry into the automobile business, began work on its state-of-the-art assembly plant.

Samsung Corporation, our global trading company, merged with our Engineering & Construction affiliate; in 1995 it also extended its retailing innovations.

Cheil Industries, integrating its textile and synthetics business, is moving into new kinds of fabrics, home-building materials and interior decoration.

Samsung Advanced Institute of Technology in 1995 won Korea's Presidential Prize in the multimedia category.

**SAMSUNG MOTORS INC.**

Samsung Motors Inc., established on March 28, 1995 with an initial capital investment of \$125 million, is now heavily engaged in building a plant on a 1.6 million-square-meter site in the Shinho Industrial Complex near Pusan. The plant will be equipped with state-of-the-art facilities. And will be the first automobile plant in Korea with the Intelligent Body-assembly System—a flexible, computer-controlled production line capable of turning out up to eight different models, from subcompact to large cars. The plant is scheduled for completion in November 1996 and will start up production in early 1998, producing 80,000 units of passenger cars in the first year. The investment by 2002 will be \$5.5 billion for parts and production facilities.

Samsung Motors will introduce a new car model every year after initial production start-up. The company will focus on multi-purpose vehicles, station wagons, hatchbacks, minicars, subcompacts, compact and large models—increasing its exports and giving customers a wider selection of cars to choose from.

By 2010, annual production will be 1.5 million units, as Samsung Motors works to be one of the world's top ten automakers.

Samsung Motors has also established offices in Detroit, Tokyo and Frankfurt, begun construction of the Kiheung Technology Center and opened Samsung Design America, Inc. in California to increase its design capabilities and obtain the latest information on export markets. Samsung Motors plans to set up four R&D centers in three countries.

Backed by teamwork and a thorough Quality, Cost & Delivery (QCD) system, Samsung Motors intends to provide full customer

satisfaction and offer its employees a high quality of life.

**Employees:** 3,060

**Tel:** (82) 2-3707-5223

**Fax:** (82) 2-3707-5262

**Main Businesses:** manufacture and sale of passenger cars

**SAMSUNG CORPORATION**

Samsung Corporation was designated as Korea's first General Trading Company by the Korean government in 1975. Since then the company has continued to develop new overseas markets, boosting Korea's foreign trading activities. In 1995, Samsung Corp. sold \$16.5 billion worth of goods in more than 150 countries, accounting for 13% of all Korean exports. Currently the company has 109 overseas offices. Samsung Corp., with its 58-year history, has experience not only in trading but also in raising capital, developing natural resources, and organizing large-scale projects.

Samsung Corp. has undergone considerable restructuring, including the merger of Samsung Engineering & Construction Co. and Samsung Corp. The restructured company has four main divisions: Trade, Construction & Engineering, Motor Sales & Marketing, and Fashion & Retail.

The Trade Division promotes the sale of Korean-made products in world markets and imports high quality products and sophisticated technology into Korea.

The Construction & Engineering Division carries out construction, civil works, land development and industrial plant projects at home and internationally. The division has stepped up its involvement in overseas development and is preparing to begin nuclear power plant construction.

Recent projects include the Petronas Tower #2 of the Kuala Lumpur City Centre (it's twin towers will be the world's tallest

buildings when completed in 1996), and the 63-story Royal Charoen Krung Building in Thailand.

Samsung Corp.'s Construction & Engineering Division is Korea's first construction-related concern to receive ISO 14001 DIS certification for all operations—civil works, building construction, housing (apartment) construction, plant construction and land development. To ensure top quality work, the division has regular inspections by outside supervisory teams and has initiated the "lifetime quality assurance system."

The Motor Sales & Marketing Division is charged with marketing and servicing passenger cars developed and built by Samsung Motors starting in 1998. The division will employ a unique approach to automobile sales and after-sales service to differentiate Samsung from other automakers and will better satisfy changing customer requirements. Integrated service centers will be operated in Korea to provide a complete line of services, and Samsung Corp.'s extensive international network will serve to export Samsung-built automobiles.

The Fashion & Retail Division extends Samsung Corp.'s existing apparel production sales operations. Samsung Corp. offers a new form of retailing designed from the shoppers' perspective. The Fashion & Retail Division is adopting new retailing approaches to eliminate complex distribution procedures and thereby offer goods at lower prices to the consumer. Retail outlets feature a comfortable atmosphere and a variety of leisure activities to make shopping more enjoyable.

The new UTOO Zone store in Seoul's fashionable Myungdong District specializes in fashion clothing for young

women and is setting a new standard in Korea's retail industry.

**Employees:** 11,025

**1995 Sales:** \$28 billion

**Tel:** (82) 2-751-3345

**Fax:** (82) 2-728-4000

**Main Businesses:** trade, construction, retail, clothing manufacture and sale

#### **SAMSUNG**

##### **ENGINEERING CO., LTD.**

Samsung Engineering Co., Ltd. (SECL) was established in January 1970 as part of the government's policy to achieve technological self-sufficiency in the chemical and heavy industries.

In the 1970s, SECL focused on the design and construction of oil refineries, fertilizer plants, and petrochemical plants. In the 1980s, it expanded into facilities for electronics, textiles and foods as well as power plants and environmental protection facilities. In the 1990s, Samsung Engineering is exporting plants and technology on a turnkey basis to markets such as Southeast Asia and China.

SECL is now building a \$350 million ethylene plant and lube base oil plant in Thailand, a low-density polyethylene plant in Singapore and an ethylene oxide/ethylene glycol plant in Indonesia. The company is building an ethylene plant and an ethylene oxide/ethylene glycol plant for Jilin Chemical in China and a gas separation plant in Thailand.

Domestically, SECL is overseeing the construction of a new refinery for Yukong, an ethylene glycol plant for Honam Petrochemical and an expansion of the Jinro brewery. The company provides the full range of services, from design and procurement to construction supervision and operation management.

Samsung Engineering is operating Korea's first

Environment R&D Center, which is working on technology for sewage treatment, water purification, industrial waste incineration, alcohol fuel production and air pollution control systems. These efforts have won the company the Korean government's first Environmental Technology Prize, awarded in December 1995.

The company recently established a new environmental R&D center in New York to further its developmental efforts in this critical area.

**Employees:** 1,800

**1995 Sales:** \$972 million

**Tel:** (82) 2-3458-3000

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

**Main Businesses:** design, procurement, construction supervision and operation management for refineries, petrochemical plants, gas production facilities, fertilizer and chemical plants, clean rooms, power plants, food processing plants, waste treatment plants, dust collectors, incinerators

##### **CHEIL INDUSTRIES INC.**

Cheil Industries Inc. (CII) produces synthetic fabric, high fashion garments and sophisticated synthetic materials that are a blend of aesthetics and technology. Business lines have been strategically integrated to promote corporate growth. New areas being explored include new kinds of fabrics, building materials for the home and interior decoration products.

Cheil Industries has developed Lansmere 170, the world's first wool fabric with a yarn count of 130 (130 meters of yarn from a single gram of wool fibers). This is the finest fabric of its kind in the world marketplace.

CII maintains local subsidiaries in Italy, the U.S. and Australia, and exchanges fashion-related information through these channels. In Korea, the company has enhanced its

customer service through the "Topfas" teams that specialize in treating customers with friendliness and professionalism.

In 1995, domestic sales of CII's Galaxy line of men's suits exceeded \$130 million, topping all competing brands. Cheil also introduced its new line of golf wear, Vincere and Ivy Club, a new line of clothing for students.

As part of the company's new, more open management style, employees now can meet monthly with their managers in an informal setting to discuss issues freely.

**Employees:** 4,315

**1995 Sales:** \$1.2 billion

**Tel:** (82) 2-751-3355

**Fax:** (82) 2-527-2100

**Main Businesses:** yarn, wool, worsted and woolen fabrics, carpets, men's and ladies' apparel, general-use synthetic resins, engineering plastics

#### **JOONG-ANG**

##### **DEVELOPMENT CO., LTD.**

Joong-Ang Development Co., Ltd. (JDC) operates Everland, whose more than 8 million visitors a year make it the world's eighth-largest theme park. The company is also involved in resorts and leisure, building management, golf courses and food services, foodstuff management, landscaping, and is preparing for a new round of growth to launch it into the 21st century.

In 1996, the name of the Yong-in Farmland, run by JDC for 20 years, was changed to Everland representing the Yong-in resort complex, and the Farmland name was changed to Festival World. The Everland Speedway, Korea's only on-road race track, changed its name from Farmland Motor Park. All of these changes put Everland well on the way to becoming a full-fledged resort town.

Other park attractions include Safari World; the Global Fair shopping district; the Fable

Fantasy Parade and Miraculous Laser Show. The park also features the Four Seasons' Garden, with special flower festivals to coincide with each season.

Joong-Ang Development manages two of Korea's most exclusive golf courses, the 30-year-old Anyang Country Club near Seoul and the Dongrae Country Club outside of Pusan.

The Building Engineering Division, which has over 30 years' experience in building management, has teamed up with Koll Co. of the U.S. to offer building management consulting services. The division is also involved in alternative energy development, such as solar power.

The Food Service and Food Management Divisions provide catering services, supply restaurants and develop new organic farming methods.

**Employees:** 2,700

**1995 Sales:** \$381 million

**Tel:** (82) 335-30-8011

**Fax:** (82) 335-30-8019

**Main Businesses:** resort development and operation, golf course management, building management and consulting for every sectors, alternative energy, food services

#### **HOTEL SHILLA CO., LTD.**

The Hotel Shilla was established in 1973 to act as a "civilian diplomat representing Korea to the world." The hotel was built on the historic site of the Yeong Bin Gwan, a guest house used for foreign dignitaries visiting Korea in traditional times.

Leading financial publications such as *Institutional Investor* (U.S.) and *Euromoney* (U.K.) have repeatedly ranked the Hotel Shilla as one of the world's best. Now 23 years old, the hotel has launched a new corporate identity campaign, changing its logo from the Yeong Bin Gwan symbol to the Rose of Sharon (Korea's national flower) and has launched an ambitious

program to keep the Shilla one of the world's best hotels.

The company's operations include the luxurious resort hotel, the Shilla Cheju, catering and duty-free shopping, sports and leisure and hotel management consulting.

**Employees:** 2,500

**1995 Sales:** \$324 million

**Tel:** (82) 2-233-3131

**Fax:** (82) 2-233-5073

**Main Businesses:** 5-star deluxe hotel in Seoul, 5-star resort hotel and casino on Cheju Island, duty-free shops in Seoul and on Cheju Island, outside restaurants, catering services

#### **THE JOONG-ANG ILBO**

In addition to a daily newspaper circulation of 2.2 million, the company publishes more than ten magazines and trade journals, including the *Newsweek Hankuk Pan* (the Korean edition of *Newsweek* magazine) and the *Economist*. In addition, the Joong-Ang On-line Information and News Service (JOINS) keeps subscribers informed of world events on a real time basis via the Internet.

The Joong-Ang Ilbo was the first newspaper in Korea to print in a section format and on its 30th anniversary, added a new morning edition. On October 9, Hangul Day (a holiday commemorating the Korean alphabet), the newspaper was printed in all horizontal lines, facilitating reading and comprehension.

Currently, the company operates two bureaus and three branches overseas and has dispatched over 20 foreign correspondents around the world. Information is also supplied through 26 overseas wire services and newspaper companies having cooperative ties with the Joong-Ang Ilbo.

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

company became Korea's first press-related company to begin offering an Internet news service. It has also initiated J-Vision, outdoor electronic news boards with moving pictures, established a variety of specialized data bases, and is expanding its CD-ROM publishing activities.

Joong-Ang Ilbo encourages its employees to take part in community service and has launched the Newspaper in Education (NIE) and Internet in Education (IIE) campaigns to support young people. The company also sponsors an environmental preservation exposition each year.

**Employees:** 1,507

**1995 Sales:** \$512 million

**Tel:** (82) 2-751-5114/9114

**Fax:** (82) 2-751-9709

**Main Businesses:** *the Joong-Ang Ilbo, WIN, The Economist, Newsweek Hankuk Pan, Stereo Music, Art Monthly, Literary Joong-Ang, Seoul Eye, Labelle, CALLA, Ceci, JOINS, Ho-Am Art Hall*

#### **CHEIL COMMUNICATIONS INC.**

Cheil Communications Inc. (CCI) is involved in a wide range of activities, including advertising planning and production, public relations, sales promotion, sporting events, films and large-scale promotional events such as trade shows. CCI is Korea's largest advertising agency and has led the development of the domestic advertising industry. The company is now among the world's top twenty-five advertising firms and it plans to be one of the ten largest advertising agencies early in the 21st century.

Cheil boasts the largest data bank among Korean advertising companies; its marketing research center carries out Korea's largest and most thorough nationwide consumer survey every year to support advertising activities. Some of CCI's advertising recent clients

include Pulmuwon Foods Co., Ltd., Bukwang Pharmaceutical Ind. Co., Ltd., Cheil Foods & Chemicals Inc., and Samsung Corporation.

Creativity is the most important factor behind Cheil's success. CCI's Creative Teams win 30%-50% of all domestic advertising awards every year, and over 90% of the annual foreign advertising awards won by all Korean agencies. Cheil has won more than 70 Clio, Cannes, New York Festival and other world-renowned advertising competitions.

Cheil Communications' global network connects Korea with the Americas, Europe, the Middle East and Asia. This network helps the company develop new markets for Korean clients. CCI has also maintained a technology-sharing arrangement with Hakuhodo of Japan since 1973 and has a joint venture with Bozell of the U.S..

**Employees:** 1,026

**1995 Billings:** \$806 million

**Tel:** (82) 2-7240-303

**Fax:** (82) 2-7240-108

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

#### S1 CORPORATION

S1 Corporation was established in 1981 as Korea's first full-service security company and remains the nation's biggest. It is also the nation's first security company to be listed on the stock market. Operations cover over 121 Korean cities and towns, offering security services to more than 60,000 customers. It has close to 3,800 personnel, over 300 emergency dispatch vehicles and state-of-the-art electronic systems and computer networks.

The Social Systems Engineering Institute, established in 1993 as S1's R&D, unit has developed unique electronic application systems and expects to launch its Home Security System in the second half of 1996.

S1 also is developing its "system engineering" business with advanced technologies and highly experienced personnel for applications in the public sector (including airports, harbors, the military, etc.) as well as in private industry.

S1 Corporation contributes to the community in many ways. An in-house Social Services Group is involved in such activities as building public rest rooms, helping needy families, promoting blood drives, sponsoring environmental protection campaigns and supporting social welfare institutions.

**Employees:** 3,755

**1995 Sales:** \$223 million

**Tel:** (82) 2-3670-8146

**Fax:** (82) 2-3670-8149

**Main Businesses:** electronic security systems, including local security and closed circuit TV systems; security system design, installation and consulting; electronic surveillance systems

#### SAMSUNG

##### ENTERTAINMENT GROUP

Business divisions related to the movie and entertainment industry at various Samsung Group affiliates recently merged to form the Samsung Entertainment Group (SEG), the first company of its kind in Korea. SEG's vision is to emerge as one of the leading entertainment companies by 2010.

SEG's film business includes movie production and distribution, theater operation and home video rental and sales. Samsung has built a firm foundation for foreign movie sales and distribution in Korea through strategic alliances with such industry giants as New

Regency Production Inc. and Warner Home Video. SEG is also strengthening ties with domestic movie production companies to improve the quality of films made in Korea. Ultimately SEG plans to establish a nationwide theater chain in Korea.

SEG's music business includes the production and distribution of records, tapes, CDs, video CDs and laser discs, as well as presenting live performances. SEG has established itself as the Korean industry leader by working closely with major domestic production companies and is moving into international markets. In addition, the company is building world-class performing arts centers.

SEG operates two cable channels—Catch One, Korea's only premium cable movie channel, and the Q Channel, which offers documentaries. To secure the best programs for its cable TV channels, SEG has contracts with 20th Century Fox Telecommunications International, Inc; Warner Brothers International Television; Buena Vista International, Inc.; Paramount Pictures International; MCA International and the Discovery Channel. Meanwhile, SEG is moving into satellite broadcasting, pay-for-view, video-on-demand and other new forms of broadcasting.

SEG maintains cooperative ties with Korea's leading universities to help prepare young people for the entertainment business. To promote the domestic movie business and help make Korean culture and art better known internationally, SEG is also sponsoring various events such as the Samsung Entertainment Group Film Scenario Contest, the Seoul Short Film Festival and the Seoul Documentary Film and Video Festival.

**Employees:** 700

**Tel:** (82) 2-3458-1114

**Fax:** (82) 2-3458-1410

**Main Businesses:** movie production and distribution, cable TV broadcasting, music production and distribution, laser discs, video CDs

#### SAMSUNG LIONS

The Samsung Lions baseball team was organized in 1982 and is the franchise in Taegu, the third largest city in Korea.

The Samsung Lions has been a leading influence in the development of Korean professional baseball, capturing the Korean Championship in 1985.

In 1995, it completed the Lions Ballpark. With an indoor practice facility that includes a weight room, swimming pool and dormitory rooms for team members, it is the largest baseball facility in Asia.

The home ballpark also features advanced colorful electronic signs, artificial turf, and services offered to fans that are second to none.

**Employees:** 60

**1995 Sales:** \$198 million

**Tel:** (82) 2-563-4970

**Fax:** (82) 2-539-7023

**Main Businesses:** professional baseball team, sports center

#### SAMSUNG MEDICAL CENTER

Samsung Medical Center is responsible for three general hospitals (two in Seoul and one in Masan) and a bioscience research institute. SMC's hospitals have a combined total of 2,430 beds, are staffed with topnotch personnel and include state-of-the-art facilities such as a prescription Order Communication System, Picture Archiving and Communications System, Precision Clinical Pathology Systems, and automated material handling systems. SMC takes advantage of the latest medical technology to provide the very best treatment and services to patients.

Samsung Medical Center is prepared to share its facilities and research results with other Korean hospitals to elevate Korea's medical profession.

The company is training its staff and initiating research to contribute to a better quality life for people everywhere.

**Employees:** 5,500

**Tel:** (82) 2-3410-2114

**Fax:** (82) 2-3410-3159

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

#### **SAMSUNG ECONOMIC RESEARCH INSTITUTE**

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

SERI has been reorganized into three main sections: a stronger policy research unit, a domestic and overseas macroeconomics research unit and a corporate management support research unit.

As a private think-tank, SERI is in a different position than the government-run research institutions, yet it is also differentiated from the corporate-centered research units at other private enterprises. Systematic research results in theories that contribute to the nation as well as to its enterprises and people. Research results are widely shared among the general population as well.

The Samsung Economic Research Institute offers suggestions on strategies and directions for Korea to become a fully developed nation in the 21st century and supports

the sections of society that need it most, as it carries out its mission of contributing to social development.

An outstanding research infrastructure and top notch research personnel provide the strength for SERI to achieve its goals.

**Employees:** 154

**Tel:** (82) 2-728-8000

**Fax:** (82) 2-728-8005

**Main Activities:** research and policy development, technology exchange and market research, management training, operational troubleshooting, publishing papers on domestic and foreign business and economies, international academic exchanges

#### **SAMSUNG HUMAN RESOURCES DEVELOPMENT CENTER**

The Samsung Human Resources Development Center (HRDC) is responsible for developing Samsung employees and fostering the Group's corporate culture. HRDC manages four institutions: the main training center (Changjo Kwan), the live-in foreign languages training center (Ho-Am Kwan), the Advanced Technology Training Center and the Global Management Institute.

The training system is designed to meet the needs of employees through every stage of their careers at Samsung. Programs include basic training for new recruits, training to prepare employees who have been promoted to new levels of responsibility, and a course to prepare senior managers to become CEOs in the 21st century.

Other courses prepare employees to be more effective in the international arena. These courses teach technical skills, foreign languages and the like.

A group-level training program is also designed to develop professional in-house trainers and to support training

activities at each group affiliate. Consulting services are also offered to affiliates to help them develop specific training programs to address specific needs.

**Employees:** 170

**Tel:** (82) 2-238-3485

**Fax:** (82) 335-30-3401/2

**Main Activities:** recruitment, training

#### **SAMSUNG ADVANCED INSTITUTE OF TECHNOLOGY**

The Samsung Advanced Institute of Technology (SAIT) is the Samsung Group's central research organization, established in October 1987 to develop the core technology that will lead the group into the next century. Using "Breakthrough" as their motto, over 900 researchers work in one of three main areas: electronics, bio-medicine and chemicals. The overall effect and applications of their efforts within the next decade is expected to be enormous.

The electronics unit focuses on audio & video input/output, software, super-high-speed data processing, electronics-related materials and devices, "mechatronics" (electronics + mechanics technology interface), "bio-electronics," energy and automotive electronics. Research successes to date include a text-to-speech synthesizing computer for the visually impaired, a digital video disc recorder (D-VDR), erbium doped fiber amplifiers, and blue laser diodes. The D-VDR won the Korean government's Presidential Prize in the Multimedia category for 1995.

The bio-medical unit is involved in basic medicine clinical medicine and clinical biomedical engineering. The focus of the medical research is on the human immune systems, gene therapy, and forms of cancer and other diseases that still have no known cure. Clinical bio-medical engineering experts

are working on medical imaging systems and digital hearing aids.

The chemical unit researches petrochemical processes, metallocene catalysts and other areas in the petrochemical industry as well as environmentally-friendly and special-function materials, photopolymers, conducting polymers and other new materials, as well as the synthesis of organic intermediates, environmental biotechnology, and biotransformation.

SAIT's vision is to improve the quality of people's lives through research and thereby develop into one of the world's leading R&D institutes.

**Employees:** 900

**Tel:** (82) 2-744-0011

(82) 331-280-9114

**Fax:** (82) 2-744-6217

(82) 331-280-9099

**Main Research Areas:** electronics, bio-medicine, chemicals

#### **SAMSUNG FOUNDATION OF CULTURE**

The Samsung Foundation of Culture was founded to cultivate culture in all its forms in order to promote a balanced development of society and the human spirit. For more than 30 years, the foundation has worked to uncover and preserve lost parts of Korea's rich cultural heritage and to rekindle popular interest in this heritage. It has sponsored art exhibits and supported a wide range of cultural activities.

The Ho-Am Art Museum, opened in 1982, houses over 15,000 art objects and historical relics, including paintings, ceramics and handicrafts. The collection includes 91 pieces that have been designated as either Cultural Treasures or National Treasures by the Korean government.

The Ho-Am Art Gallery, taken over by the Samsung Foundation of Culture in 1992,

has sponsored a series of exhibits of main trends in Korea's art history as well as modern art trends around the world.

The Samsung Foundation of Culture presents various prizes to encourage new talent. It sponsors the Korean Traditional Music Contest and the Grand Bell Awards Film Festival, the largest event supporting the Korean movie industry. The Foundation also sponsors the annual Samsung Prize for Literature.

The Samsung Foundation of Culture also supports academic activities related to Korean Studies. A recent project of note has been the translation into English of the Tripitaka Koreana (13th century woodblock engravings of the complete Buddhist canon). The Tripitaka Koreana was designated as a "World Heritage" by UNESCO in December 1995.

The MAMPIST program is designed to educate young professionals who will lead cultural and artistic activities in the future. Education is conducted annually in six fields of culture and the arts: music, art, movie, play, dance and arts management.

**Employees:** 187

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

**Fax:** (82) 2-750-7827

**Main Activities:** Ho-Am Art Museum, Ho-Am Art Gallery, Samsung Modern Art Museum, Samsung Children's Museum, Samsung Prize for Literature, Grand Bell Awards Film Festival, Korean Traditional Music Contest, publishing, MAMPIST, support for Korean studies, construction of the Tokto Hall

#### **SAMSUNG WELFARE FOUNDATION**

The Samsung Welfare Foundation, established in 1989, aims to provide hope to the underprivileged, and many of its activities help children and young adults.

One of the most important areas of involvement is providing daycare for the children of low-income families with working mothers.

The My Home Way Project, is also aimed at low-income families, provides financial support and helps participants learn a trade so they can develop economic security and become homeowners.

The Samsung Center for Early Education & Development is responsible for developing new programs and teaching aids for use in the daycare centers. It also provides ongoing training for daycare providers.

The Samsung Welfare Foundation provides financial support for social welfare activities nationwide. It also sends persons overseas for specialized training, sponsors a youth volunteer corps and helps orphaned teenagers who must take care of their younger siblings.

The foundation's "Filial Piety Prize" honors those who have exemplified this virtue and hope to inspire others to respect to this traditional value. The Ho-Am Prize (Korea's version of the Nobel Prize) is given to individuals or groups who have made outstanding contributions to society or who have achieved exceptional results in research.

It currently covers six categories: Basic Science, Engineering, Medical Science, Social Services, the Arts, and Special Awards.

To enhance its prestige, the Ho-Am Prize Committee, made up of prominent social leaders, was formed in 1995 to take charge of all activities related to managing the Prize.

**Employees:** 38

**Tel:** (82) 2-259-7842/50

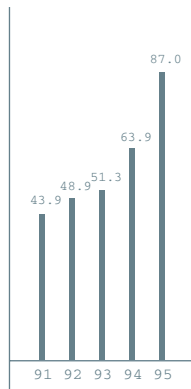
**Fax:** (82) 2-259-7880

**Main Activities:** child care, My Home Way Project, teenager volunteer program, Ho-Am Prize, Filial Piety Prize, support for social welfare programs

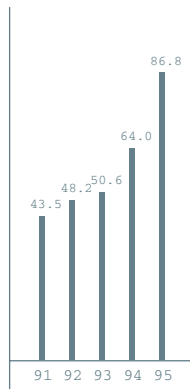
# INTRODUCTION to FINANCIAL DATA

## THE SAMSUNG GROUP

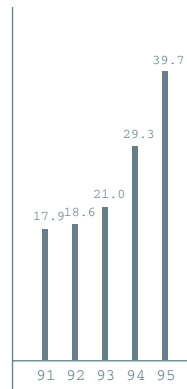
NET SALES  
dollars in billions



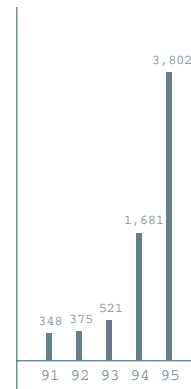
TOTAL ASSETS  
dollars in billions



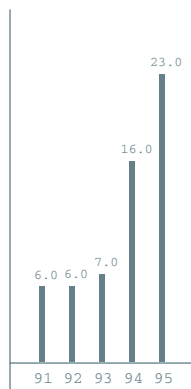
EXPORTS  
dollars in billions



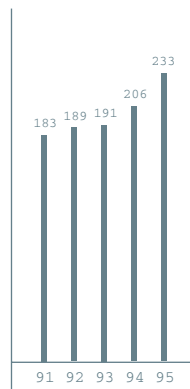
NET INCOME  
dollars in millions



RETURN ON  
AVERAGE  
STOCKHOLDERS  
EQUITY  
percent



EMPLOYEES  
thousands



SALES by SECTOR  
dollars in millions

a	b	c
	d	
	e	

a ELECTRONICS: \$26.7 BILLION(30.7%)  
 b MACHINERY: \$5.4 BILLION (6.2%)  
 c CHEMICALS: \$2.1 BILLION (2.4%)  
 d FINANCE \$19.8 BILLION(22.5%)  
 e OTHER SAMSUNG COMPANIES:\* \$33.3 BILLION(37.9%)

\* including trade and construction



# COMBINED BALANCE SHEET

## THE SAMSUNG GROUP

at year-end	WON millions 1993	WON millions 1994	WON millions 1995	US DOLLAR thousands 1995	ECU thousands 1995
<b>Current assets</b>					
Cash and bank deposits	2,024,171	2,939,225	3,966,210	5,119,672	3,896,250
Marketable securities	868,616	1,089,230	8,431,036	10,882,969	8,282,320
Notes receivable and accounts receivable	2,791,702	2,884,510	4,822,651	6,225,185	4,737,584
Inventories	2,453,769	2,810,598	4,245,828	5,480,609	4,170,936
Other	13,519,924	17,125,157	20,966,375	27,063,863	20,596,548
Total current assets	21,658,182	26,848,720	42,432,100	54,772,299	41,683,637
Investments	8,042,291	9,790,292	7,531,026	9,721,216	7,398,186
<b>Non-current assets</b>					
Less accumulated depreciation of land	2,308,413	2,738,430	3,179,946	4,104,745	3,123,855
Buildings and structures	2,940,261	3,730,012	4,373,387	5,645,265	4,296,244
Machinery and equipment	3,277,207	3,873,039	5,993,259	7,736,232	5,887,543
Construction in progress	1,002,295	1,785,046	2,809,290	3,626,294	2,759,737
Other	1,137,109	1,447,463	554,313	715,520	544,535
Total non-current assets	10,665,285	13,575,990	16,910,195	21,828,056	16,611,915
Other assets	598,763	278,359	359,181	463,639	352,845
<b>Total</b>	40,964,521	50,491,361	67,232,502	86,785,210	66,046,583

at year-end	W O N millions 1993	W O N millions 1994	W O N millions 1995	U S D O L L A R thousands 1995	E C U thousands 1995
<b>Current liabilities</b>					
Notes payable	966,971	1,175,058	828,157	1,069,003	813,549
Trade accounts payable	960,115	1,145,167	1,677,186	2,164,949	1,647,602
Short-term loans	3,733,629	4,194,316	6,074,671	7,841,321	5,967,519
Current portion of long-term debt	1,767,731	1,904,790	24,667,546	31,841,417	24,232,433
Advances from customers	866,346	1,284,448	1,495,624	1,930,585	1,469,243
Other	3,427,853	4,894,207	5,824,611	7,518,537	5,721,870
Total current liabilities	11,722,645	14,597,986	40,567,795	52,365,813	39,852,217
<b>Non-current liabilities</b>					
Debentures	2,801,985	3,240,258	4,180,990	5,396,915	4,107,241
Long-term debt	2,513,516	3,268,448	5,253,172	6,780,911	5,160,511
Reserves	947,774	1,269,448	1,574,014	2,031,772	1,546,250
Other	17,077,841	19,674,877	2,636,255	3,402,937	2,589,754
Total non-current liabilities	23,341,116	27,453,067	13,644,431	17,612,535	13,403,756
<b>Stockholders' equity</b>					
Capital stock	1,839,840	2,274,756	3,095,616	3,995,890	3,041,012
Capital surplus	2,495,667	3,467,425	4,559,036	5,884,905	4,478,619
Retained earnings	1,565,253	2,698,127	5,458,107	7,045,446	5,361,831
Capital adjustment	—	—	(92,483)	(119,379)	(90,852)
Total stockholders' equity	5,900,760	8,440,308	13,020,276	16,806,862	12,790,610
<b>Total</b>	<b>40,964,521</b>	<b>50,491,361</b>	<b>67,232,502</b>	<b>86,785,210</b>	<b>66,046,583</b>

COMBINED  
STATEMENT of INCOME  
THE SAMSUNG GROUP

for the year	W O N millions 1993	W O N millions 1994	W O N millions 1995	U S D O L L A R thousands 1995	E C U thousands 1995
<b>Income</b>					
Net sales	41,364,613	51,314,980	67,078,763	86,970,702	66,187,749
Domestic	24,609,360	27,736,873	36,490,144	47,311,150	36,005,442
Export	16,755,253	23,578,107	30,588,619	39,659,552	30,182,307
Other income	648,872	1,042,321	1,249,792	1,620,413	1,233,191
Total	42,013,485	52,357,301	68,328,555	88,591,115	67,420,940
<b>Costs and expenses</b>					
Operating cost	34,674,564	41,734,017	54,901,323	71,182,091	54,172,063
Selling and general administrative expense	4,283,747	5,831,426	6,492,211	8,417,450	6,405,974
Interest expense	1,033,732	1,103,498	1,410,486	1,828,760	1,391,750
Other expenses	1,427,535	2,006,281	1,980,201	2,567,422	1,953,898
Total	41,419,578	50,675,222	64,784,221	83,995,723	63,923,685
Income before taxes	593,907	1,682,079	3,544,334	4,595,392	3,497,254
Income taxes	175,221	331,179	611,511	792,852	603,388
<b>Net income</b>	<b>418,686</b>	<b>1,350,990</b>	<b>2,932,823</b>	<b>3,802,540</b>	<b>2,893,866</b>

COMBINED STATEMENT  
of CHANGES IN CASH FLOWS

THE SAMSUNG GROUP

at year-end	WON millions 1993	WON millions 1994	WON millions 1995	US DOLLAR thousands 1995	ECU thousands 1995
<b>Cash flow due to operations</b>	(258,015)	7,725,441	9,191,998	11,917,848	9,069,900
Net income per term	418,686	1,348,609	2,932,823	3,802,540	2,893,866
Increase in unpaid expenses	2,369,421	8,784,474	12,010,470	15,572,127	11,850,934
Deduction in non-received income	(3,046,122)	(4,407,642)	(5,751,295)	(7,456,819)	(5,674,900)
<b>Cash flow due to investments</b>	(3,060,865)	(8,356,319)	(13,729,063)	(17,800,362)	(13,546,698)
Cash receipts from investment activities	5,011,520	8,592,490	18,023,292	23,368,027	17,783,887
Reductions in current assets	—	4,491,357	14,560,320	18,878,125	14,366,914
Reductions in investments and other assets	4,715,957	3,845,701	3,286,605	4,261,235	3,242,949
Reductions in fixed assets	174,689	252,673	81,000	105,020	79,924
Reductions in deferred assets	120,874	2,759	—	—	—
Increase in cash from merger	—	—	95,367	123,648	94,100
Cash outlays from investment activities	8,072,385	16,948,809	31,752,355	41,168,389	31,330,585
Increases in current assets	101,977	5,731,607	16,728,284	21,688,990	16,506,080
Increases in investments and other assets	5,508,710	5,359,665	7,556,588	9,797,464	7,456,213
Increases in fixed assets	2,461,698	5,199,075	6,511,460	8,442,407	6,424,968
Increases in deferred assets	—	658,462	956,023	1,239,528	943,324
<b>Cash flow due to financing activities</b>	2,792,860	3,478,223	5,868,552	7,608,848	5,790,599
Cash receipts from financing activities	6,926,410	35,101,790	34,065,214	44,167,117	33,612,722
Increases in current liabilities	—	30,361,531	27,054,829	35,077,830	26,695,457
Increases in long-term liabilities	6,369,267	3,569,425	5,297,566	6,868,538	5,227,198
Increases in capital	557,143	1,170,828	1,705,614	2,211,407	1,682,958
Other	—	6	7,205	9,342	7,109
Cash outlays from financing activities	4,133,550	31,623,567	28,196,662	36,558,269	27,822,123
Increases in deferred assets	—	15,555	31,997	41,486	31,572
Reductions in current liabilities	2,051,566	31,031,510	27,655,626	35,856,791	27,288,273
Reductions in long-term liabilities	1,967,001	421,332	204,095	264,619	201,384
Dividend payments	114,983	129,369	139,695	181,121	137,839
Other	—	25,801	165,249	214,253	163,054
<b>Increases in cash</b>	(526,020)	847,345	1,331,487	1,726,334	1,313,801
<b>Cash at the beginning of the term</b>	2,550,191	2,024,171	2,918,657	3,784,173	2,879,888
<b>Cash at the end of the term</b>	2,024,171	2,871,516	4,250,144	5,510,507	4,193,689

Notes

- The combined financial statements have been prepared on the basis of financial statements from Samsung Group companies. All of the figures have been examined by independent auditors in accordance with the generally accepted auditing standards practiced in the Republic of Korea.
- Won/US\$ exchange rate W771.3/1: For sales and profits-W771.3/1-was the yearly average. Other figures-W774.7/1-was the rate as of the end of December, 1995
- ECU/US\$ exchange rate-.761/1

Where  
to find us...

## Headquarters

## Facts

## Highlights

**Samsung  
North America Inc.**  
105 Challenger Road  
Ridgefield Park,  
New Jersey 07660  
USA  
Tel: 1-201-229-7000  
Fax: 1-201-229-7030

Founded: **January 1, 1995**  
Chairman and  
Chief Executive Officer: **Bo-Soon Song**  
1995 Sales: **\$8.3 billion**  
Employees: **3,805**  
Offices/Facilities: **45**

Samsung North America was established to oversee and manage activities and subsidiaries in the United States, Canada and Mexico.

In accordance with Samsung's localization strategy, Samsung North America has committed vast resources to the region's marketplace. Recent investments exceed \$1.5 billion, including a \$1.3 billion semiconductor fabrication plant in Austin, Texas, and a \$213 million integrated manufacturing complex in Tijuana, Mexico.

**Samsung  
Europe Headquarters**  
Great West House  
Great West Road  
Brentford  
Middlesex TW8 9DQ  
UK  
Tel: 44-181-380-7000  
Fax: 44-181-380-7020

Founded: **January 2, 1995**  
Chairman and  
Chief Executive Officer: **Sung-Rai Choi**  
1995 Sales: **\$6.6 billion**  
Employees: **6,450**  
Offices/Facilities: **71**

Samsung Europe, with offices in 21 countries, coordinates all European operations from its regional headquarters. Manufacturing sites are located in the U.K., Germany, Portugal, Spain, Hungary, Slovakia, and Switzerland.

The headquarters is also responsible for identifying strategic business opportunities across Europe, devising and implementing marketing strategies, pan-European corporate public relations and human resources development. Over the last two years, Samsung has invested \$700 million in an integrated electronics production complex in Wynyard, Teeside, U.K. and a European Research and Development Center in London, U.K.

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

Founded: **January 1, 1995**  
Chairman and  
Chief Executive Officer: **Jae-Hong Min**  
1995 Sales: **\$6.2 billion**  
Employees: **13,240**  
Offices/Facilities: **53**

Samsung Asia's Pte Ltd. was established as part of Samsung's effort to be competitive in Southeast Asia and Australia. Its primary roles are to guide and help realize mid-term goals for Samsung subsidiaries in the region; to serve as the support center for regional entities; and to implement the localization strategy of the Samsung Group.

Samsung Asia is expanding rapidly in terms of manpower, sales revenue and investment. To further maximize sales performance, Samsung Asia has implemented various training programs for managers to address issues of cross-cultural differences and to gain a more comprehensive understanding of the Samsung Group and its affiliates. Aggregated investment in the region prior to 1995 was \$800 million.

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China Headquarters**  
Room 909  
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Jian Guo Men Wai  
Avenue  
Beijing, China 100004  
Tel: 86-10-6505-2208  
Fax: 86-10-6505-1671

Founded: **January 1, 1995**  
Chairman and  
Chief Executive Officer: **Yong Chung**  
1995 Sales: **\$4.9 billion**  
Employees: **11,000**  
Offices/Facilities: **53**

Samsung China oversees and manages activities of subsidiaries in People's Republic of China, Hong Kong, Taiwan and Mongolia.

According to its investment plans, Samsung China will establish three integrated production complexes in the centers of Tianjin, Suzhou and Guangzhou. Total investment in 1995 was \$230 million, mainly in electronics. Investment in non-electronics includes textiles, heavy industries, and the establishment and development of an industrial park. By the year 2000, Samsung China's investments will exceed \$3 billion; total revenue will reach \$12 billion, and the number of employees will reach 40,000.

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Japan Corporation**  
15F Hamacho Center  
Building  
2-31-1, Nihonbashi-  
Hamacho Chuo-ku  
Tokyo 103 Japan  
Tel: 81-3-5641-9806  
Fax: 81-3-5641-9854

Founded: **December 1, 1993**  
Chairman and  
Chief Executive Officer: **Jong-Yong Yun**  
1995 Sales: **\$4.5 billion**  
Employees: **620**  
Offices/Facilities: **33**

Samsung Japan Corporation, with 33 offices throughout Japan, manages all group activities in the region. Its primary focus is to support strategic alliances with local Japanese automakers and serve as an important information source for new business development in the Japanese market. Additionally, Samsung Japan Corporation plans to be listed on the Japanese stock market by 1998.

Samsung Japan Corporation is also focusing on R&D. It has established the Semiconductor Design Center and will complete the Yokohama Research Center in July 1997.

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**SAMSUNG ELECTRONICS' TOTAL ASSISTANCE SERVICE PROGRAM IN CHILE PROVIDES EXCELLENT AFTER-SALES SERVICE TO CUSTOMERS, FROM GIVING ADVICE ON OPERATING EQUIPMENT TO REPAIRING OR SERVICING APPLIANCES WITHIN 8 HOURS OF A COMPLAINT BEING RECEIVED. REPAIR VANS ARE EQUIPPED WITH RADIOS AND BASIC INSTRUMENTS SO TECHNICAL ASSISTANTS CAN MAKE REPAIRS ON-SITE, OR IF THE PROBLEM IS MORE SERIOUS, TAKE THE APPLIANCE TO A CENTRAL REPAIR SHOP.**





AT A STRATEGY MEETING HELD IN BEIJING IN APRIL 1995, CHAIRMAN LEE AND PRESIDENT JIANG ZEMIN DISCUSSED SAMSUNG'S INVESTMENT PLAN IN CHINA, CENTERING AROUND ELECTRONICS AND TELECOMMUNICATIONS SYSTEMS. ALSO ON THE AGENDA WAS SAMSUNG'S COMMITMENT TO DEVELOPING PRODUCTION AND MARKETING STRATEGIES FOR THE GOOD OF BOTH COUNTRIES.

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