Challenge the Limits.
1 The Economic Challenge
At Samsung, our strategy of being consumer-focused, rather than attuned to producers, helped to mitigate the effects of the sudden downturn. This in no way minimizes the depth of the crisis, both for Samsung and the increasingly interdependent global economy. We have responded by focusing on our core growth businesses.

6 The Competitive Challenge
World markets keep opening wider. Our global and localization strategy—made possible by long-term investments—is working. At home, and abroad, protectionism has ceded to competition. More than ever, our creativity, innovation, and brand strength will be challenged.

14 The Consumer Challenge
The limits of consumer tastes seem boundless, but actually, they’re not. Consumers want smarter and custom choices, lifestyle options that suit them to a tee. The first Samsung automobile, introduced in early 1998, embodies a new paradigm in design. It’s not a product, but but a service. Not just a mode of transportation, but an extension of personal living space—a home on wheels. Not a car, but an experience. That goes for all we do for consumers. We strive to create experiences.

20 The Connectivity Challenge
Telecommunications is the backbone of the global connected economy, the key infrastructure that makes the rapidly accelerating future possible. It’s an industry that’s heavily competitive, but rich in innovation and promise for Samsung.

24 The Caring Challenge
In the race to become the best, it is easy to forget the most important race of all, the human race. We have a tradition of going beyond corporate duty—we want to be involved. Virtually wherever we do business, we support the common good. We believe in helping the world we live in to continually improve. Our philosophy is simple: for Samsung to succeed, we must help the world succeed.

31 Corporate Profile and Financial Summary

40 Directory of Samsung Offices
1-The Economic Challenge: The speed and severity of Asia’s recent economic troubles were felt around the world, particularly in our home region.
At Samsung, however, our strategy of being consumer-focused, rather than attuned to producers, helped to mitigate the effects of the sudden downturn. This in no way minimizes the depth of the crisis, both for Samsung and the increasingly interdependent global economy. We have responded by focusing on our core growth businesses. Samsung is Challenging the Limits by means of the following:

**Reorganizing** to focus on four or five core business sectors, including electronics and financial services. Decision-making authority has been decentralized to the Samsung affiliated companies. We are shedding non-mission-critical layers and underperforming units.
Committing to improve our financial structure by reducing our debt ratio to 197% of assets by 1999, with continuing reductions aimed at reaching a debt ratio of 124% by 2002. This will bring Samsung to a level comparable with leading transnational companies. Currently, massive liquidation of assets, reduction of costs and extensive efforts to attract foreign capital are in progress.

Adopting consolidated financial statements audited by a leading global accounting firm and elimination of loan cross-guarantees between affiliates by the end of 1999.
External limits are being imposed at every turn, from the IMF, to local economies, to international trade agreements. Our challenge is to work within these limits, with the givenss of a new economic order, and continue Samsung’s progress toward becoming one of the world’s most powerful brands.

We still have our eye on the favorable future, and will continue to invest, boldly and strategically, in growth. This commitment has been dramatically reaffirmed by the opening of our first semiconductor wafer fabrication plant in the United States. Located in Austin, Texas, the plant produces advanced memory products for the world’s major PC manufacturers. In China, Samsung’s wide range of manufacturing investments—TVs, VCRs, switching systems, chemicals and textiles—will reach U.S.$2 billion by the year 2000. We aggressively continue to pursue opportunities and process efficiencies, wherever profitable growth can be made to happen.
That being said, we realize that the greatest limits – and our greatest challenges – are self-imposed. The times ahead will challenge our creativity and our collective resolve. The situation demands sacrifice, hard work, stamina and an indefatigable spirit – qualities that have always defined our people.

Samsung played a historic role in Asia’s economic miracle over the past few decades, and we will help lead the region back to health and prosperity.

It is up to each of us to choose to persevere, to succeed, to continually expand our possibilities. Opportunity exists, constrained only by our imaginations and application.

I urge everyone to challenge the limits, and discover how truly great we can be. I know in my heart, the Samsung family, and our people, business partners and customers, are up to the test.

Kun-Hee Lee Chairman, Samsung Electronics
2-The Competitive Chal
Challenge: World markets keep opening, and
opening wider. Our global and localiza
tion strategy – made possible by long-term
investments—is working. At home, and abroad,
World markets keep opening, and opening and opening wider. Our global and localization strategy—made possible by long-term investments—is working. At home and abroad, protectionism has ceded to competition. Wide-open competition hasn’t constrained our possibilities, it just makes them harder to earn. More than ever, our creativity, innovation and brand strength will be challenged.

We are a leading global company, still on our way to becoming one of the top ten companies in the world. But “global” is more of a mindset than an operating strategy. Markets are infinitely specific. The world consists of hundreds of local and regional markets, each with distinct demographics, politics, infrastructure, culture and customs.

Our strategy, then, is to localize the way we do business, wherever we do business. This means a great deal of autonomy in the way our core businesses and various Samsung affiliates organize themselves and approach their markets. This means clearly understanding our customers’ individual cultures—their different needs, workstyles and life paths—and responding with unique, personalized product options. To be the global powerhouse Samsung can become, we first have to earn the loyalty and admiration of customers in local markets around the world.

In light of the dramatic reordering of the world economy, we have streamlined Samsung to bolster the competitiveness and autonomy of Samsung affiliated companies. By the end of 1999, Samsung will be reduced to four or five core business sectors. Non-core businesses will be operated jointly with or sold to third parties. Core business sectors will be developed to world-class levels in partnership with leading multinational companies.

Pushing management responsibility to the affiliates, we have dissolved the centralized Group Office of the Executive Staff (also known as the Chairman’s Office), and discontinued the Executive Committee Meeting decision-making process. To chart the course and sponsor implementation efforts, we have brought together a Restructuring Committee, comprising the ten top executives of the
Powerbranding Samsung through Innovation

Even in the face of tough competition and uncertain economic times, a world class brand drives customer preferences, preserves margins and builds customer loyalty. We continue to invest in the power of the Samsung brand.

Strong advertising is only part of our brand strategy. We can’t just talk the talk—a world class brand begins with world class products. Products that innovate. That deliver on their promise. That enhance the lives of customers. That embody quality, reinforcing confidence with every purchase.

Consistent quality builds mindshare. This is true for buyers of drillships and optical fiber as well as buyers of trucks and microwave ovens. And mindshare drives marketshare.

This challenging philosophy continues to drive Samsung’s brand revolution. Before we could earn superior mindshare among TV consumers, we had to manufacture a superior TV—the VisionPLUS™ TV. Superiority is constantly contested, and easily lost without continual innovation.

Samsung innovation continues. We have completed development of a 55” digital projection HDTV that satisfies stringent U.S. digital TV standards. At the same time, we are revolutionizing the flat screen TV market.
Bringing Next-Generation Innovation to Flat Display

Samsung Display Devices has developed the world’s first 30” single glass TFT-LCD for use in next generation high-definition multimedia displays and large screen wall-hung television monitors. The greatest technological barrier to large screen LCDs had been how to use a single glass panel rather than multiple panels. Leveraging a U.S.$10 million investment in R&D, we have mastered the core technology—already receiving 18 patents related to the new TFT-LCD with more patents pending. The new 30” TFT-LCD has an effective screen size of a regular 33” CRT (cathode ray tube) television screen, but is just 4.5cm thick, weighs only 4.5kg and operates on one-fifth of the wattage.
3-The Consumer Challenge: The limits of consumer taste seem
The limits of consumer taste seem boundless, but actually, they're not. Consumers want smarter and custom choices, lifestyle options that suit them to a tee. The days of the Ford Model T are over.

We seek innovation in meeting consumer desires. The first Samsung automobile, introduced in early 1998, embodies a new paradigm in design. It's not a product, but a service. Not just a mode of transportation, but an extension of personal living space—a home on wheels. Not a car, but an experience. That goes for all we do for consumers. We strive to create experiences.

"Challenge the Limits," the theme of our global advertising campaign, encourages consumers to enlarge their experiences—and their expectations, because we're confident we can meet them.

**Design Matters**

Even as Samsung restructures to concentrate on core businesses, our commitment to design as a way of life endures. Design is one of the key elements of creating a relationship with one's environment, and some of its best expression can be found in the tools and objects which help people improve their personal quality of life.

And the relationship between good design and personal satisfaction is fundamental. "Samsung is very aware of the need for total customer satisfaction," our Chairman has said. "To do that, we need to consider all psychological and even some philosophical aspects of our customers' needs and desires."
Putting Samsung Personality into the Personal Car Market

The global auto industry has been put on notice: we are serious about producing top quality personal automotive experiences. After a year of full-blown quality rehearsals, Samsung Motors’ first car, the SM5, began to roll off the state-of-the-art assembly line in February 1998—less than three years since the company’s inception. The SM5 is designed to appeal to a broad range of tastes by offering the refinement of a luxury car with the economy of a midsize model. Building on outstanding sales performance in Korea, Samsung Motors began exporting to the Middle East, Latin America, China and Southeast Asia in July 1998.

It’s not just the SM5’s standout qualities—its ride, safety, durability and interior elegance. As a truly customer-driven company, we have revamped the car buying and ownership experience with a comprehensive, relationship-based approach to sales and service. A customer’s relationship with Samsung does not end with a purchase—it has only just begun.

The Samsung Motors experience is a direct result of a unique relationship between customers and our company. Through continuous interactive development, including behavioral research, we have created a car in harmony with the needs and desires of our customers. We are committed to delighting customers today and in the future.

tee. The first Samsung automobile, introduced in early 1998, embodies a new paradigm in design. It’s not a product, but...
Our investment in design remains substantial—hundreds of millions in U.S. dollars in design innovations and research and development. In 1995, Samsung established ids (Innovative Design lab of Samsung), with the goal of creating a world-class design education and research institute. The institute’s goals are to develop creative designers who will help develop products for the twenty-first century, and to inspire a spirit of creative design within the entire Samsung family as an integral part of our business strategy.

We now operate state-of-the-art design studios in Korea, Japan, the U.S., and the U.K. The studios focus on innovating products that closely reflect the culture of local markets. By staying close to the consumer, we aim to develop product experiences that earn “world’s best” distinction for function, design and environmental friendliness.

The impact continues to be phenomenal. For example, at the Industrial Design Excellence Awards (IDEA), co-sponsored by the U.S. IDSA and Business Week, Samsung Electronics won seven awards in 1997 and 1998 combined. Our 3-Dome Digital Camcorder won the 1998 IDEA Gold Medal.

Consumer Reports, the leading magazine in evaluating consumer products, rated our 20” stereo color television number one in its February, 1998 issue. The previous year, our 25” model received the same number one rating. Other Samsung models have consistently rated at or near the top of the list over the past few years.

The U.S. publication, Mobile Computing, selected in early 1998 our SENS 600 (an export model of the AST Ascentia M series) as one of the world’s top three notebook PCs available today. In making its selection, the magazine pointed out the following outstanding features: system stability, hard disk and CD-ROM drive performance, high-resolution TFT-LCD screen, speaker quality, larger easy-to-use keyboard, batteries that last over four hours, and user friendly finishing touches.
Samsung established its (Innovative Design lab of Samsung) with the goal of creating a world-class design education and research institute.

We strive to create experiences. That goes for all we do for consumers. Good design is an imperative for business. As Kun-Hee Lee, Chairman of Samsung, has said, “Intellectual assets will determine a company’s value in the coming ‘era of culture.’ The age when companies simply sell products is over. In the new era, enterprises have to sell their corporate philosophy and culture. An enterprise’s most vital assets lie in its design and other creative capabilities. I believe the ultimate winners in the twenty-first century will be determined by these skills.”
4-The Connectivity Challenge
nge: Telecommunications is the backbone of the global connected economy, the
Challenging the limits is a way of life for world class athletes, and we celebrate them for it. As the Worldwide Partner for Wireless Communications Equipment for the Olympic Games, Samsung Electronics provided wireless communications equipment for the 1998 Nagano Olympic Winter Games, and will do the same for the 2000 Sydney Olympic Games. In Nagano, we provided Telecommunications is the backbone of the global connected economy, the key infrastructure that makes the rapidly accelerating future possible. It's an industry that's heavily competitive, but rich in innovation and promise for Samsung.

We're already pushing the envelope. The first in the world to successfully implement CDMA cellular technology for commercial use, we are working with leading technology giants to standardize CDMA worldwide. The initiative, IMT 2000, brings together Lucent Technologies, Motorola, Northern Telecom, Qualcomm and Samsung—an unrivaled collection of peers.

While our penetration into the profitable cellular handset niche increases, we are also focused on the telecommunications infrastructure market. Already the leader in Korea, we intend Samsung to be a major player in the world market within two years. Recent contracts establishing infrastructure in China, Colombia, Sri Lanka, Russia and Chile are contributing to our momentum.

In May of 1998, Samsung Electronics became the first to be formally certified by China as a supplier of mobile telecommunications switching systems. (Samsung, Motorola and Lucent Technologies have previously acquired certification on wired switching systems.) The certification will help us to push forward more smoothly our pilot CDMA cellular phone service in Shanghai and Tianjin and to launch a full-fledged commercial service scheduled for late 1998.

key infrastructure that makes the rapidly accelerating future possible. It’s an industry that’s heavily competitively competitive.
Innovation that Brings the World Closer to Samsung

Samsung Electronics is the first to form optical fiber up to 360km long. Using a proprietary approach to modified chemical vapor deposition (MCVD), we have nearly doubled the maximum length attainable by conventional methods. With 13 patents in the U.S., Japan and China, our unique process raises productivity at least 90% over other methods. Mass production and export will start in 1999.

Only world class companies are designated the Olympic Partner (TOP) companies. Samsung is the only company not based in the U.S. or Japan among this select group.

14,000 wireless units to athletes, officials, sponsors and media. Samsung leaders participated in the Olympic torch bearing relay, and conducted a hospitality program that brought 180 Korean and overseas business partners as our guests.

Our “Call Home” program offered athletes a free call home on a Samsung mobile phone to share their special Olympic moment. From the glory of winning a medal to the agony of defeat, the athletes got to share their joy in participating on the exalted world stage, real time, with their loved ones back home.

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heavily competitive, but rich in innovation and promise for Samsung.
5-The Caring Ch
Challenge:
In the race to become the best, it is easy to forget the most important race of all, the human race.
Annually, Samsung holds a Global volunteer Service Festival to spread awareness and inspire our people to volunteer action. During last year’s Festival, more than 100,000 employees and 3,000 service teams were honored for their volunteer services.

Around the world, our people are sharing their compassion through community services: drawing and computer lessons for children of low income families in Korea; home repair for the needy in Malaysia; spending time with mentally-challenged children in India; donating clothing and bedding for the homeless in Germany; raising money to provide role models for children of single-parent households in the U.S.; and graffiti eradication in Mexico.
Sports @ Samsung

Samsung’s mission statement is, “We will devote our human resources and technology to create superior products and services, thereby contributing to a better global society.” This same spirit motivates Samsung’s many activities in support of sports around the world. For us, sports are an important part of culture and communication that promotes understanding among people. Our new sports website (http://sports.samsung.com) provides information about exciting sporting events around the world. Increasingly, we are becoming known for our commitment to celebrating the spirit of competition. We sponsor and support over a dozen sports around the world, from soccer to Taekwondo. In addition, Samsung also officially sponsored the IAAF World Championships in Athletics (Athens, 1997), the Samsung World Gymnastics Series (Lausanne and Berlin, 1997), and the Bangkok Asian Games (Bangkok, 1998).

Restoring the Grandeur of the Bolshoi Theater

As the recognized leader in consumer electronics in the former Soviet Union, Samsung CIS felt strongly that it should leadership in helping to restore the Bolshoi Theater, the crown jewel of the arts in Russia. Beginning in 1993, we contributed U.S.$120,000 to renovate the building. In addition, we donated computers and video equipment, helped fund the development of new ballet programs, obtained health insurance for the ballet and opera troupe, and continue to sponsor the printing of programs for every show. Going forward, we are helping the Bolshoi develop a video cassette and CD-Rom series.
And we have a knack for converting industrial problems into profitable ventures. Boldly stated, doing good can be good business. Environmentally friendly plastics that break down quickly in landfills. Farming fish in reclaimed wastewater from our plants. Leadership in low emission incinerating technology. These are also ways we contribute to society.

Social and environmental consciousness at Samsung goes beyond national borders. Wherever we work and live, our people around the world are encouraged to contribute their time and talents to the welfare of their communities.

Samsung companies support these efforts with funding for a wide range of projects. The list of social programs Samsung underwrites would be nearly endless. Just a sampling is indicative of our commitment.

Scholarships for gifted students who would otherwise forego higher education. Massive emergency relief for victims of natural disasters—an earthquake in Iran, floods in Poland.

Se Ri Pak, Samsung Superstar

The woman in the Samsung cap taking the LPGA by storm, Se Ri Pak, is supplanting even Tiger Woods as the next golf legend in the making. Fast accumulating course records and championships, Se Ri has made Korea known as an up-and-coming golf powerhouse.

Se Ri and Samsung started their partnership when Chairman Kun-Hee Lee, an avid golfer, made a direct order to find a promising young golfer to nurture to prominence. Beginning in 1995, Samsung became Se Ri’s “guardian angel.” In 1996, she swept all the championships in Korea prompting Samsung to come up with a ten-year plan.

For her coach, Samsung contracted David Leadbetter, who helped further the careers of Nick Faldo, Nick Price and Ernie Els. The results for Se Ri have been phenomenal: at 20 years and 9 months, the youngest winner of the U.S. Women’s Open; winner of her first two majors; tying the record for lowest LPGA tournament score; winning the Jamie Farr Kroger Classic in convincing fashion. The list—and her legend—keeps growing.


Virtually wherever we do business, we support the common good. The fact is that our assistance is more ambitious than the foreign aid programs of many sovereign nations. By the year 2000, our Community Relations Program will have invested a third of a billion U.S. dollars in aid to economically depressed areas for development of agriculture, fisheries and rural solar electrification.

We believe in helping the world we live in to continually improve. Our philosophy is simple: for Samsung to succeed, we must help the world succeed.
Corporate Profile and Financial Summary
Samsung Companies

Samsung Electronics Co., Ltd.

- Employees: 75,000
- 1997 Sales: $13 billion
- Tel: 82-2-727-7114
- Fax: 82-2-727-7985
- http://samsungelectronics.com

**Major Products**
- Multimedia and home appliances: multimedia PC, Note PC, PDA, DVD player, DVD-ROM, HDD, HD-TV, OBS, DSC, TV
- Semiconductors: DRAM, SRAM, FRAM, flash memory, ASIC, alpha CPU, TFT-LCD, MOS
- Information and telecommunications: HHP, ATM LAN/WAN, key phone, CDMA PCS/cellular, transmission system, WLL/switching systems, optic fibers and components

Samsung Display Devices Co., Ltd.

- Employees: 19,351
- 1997 Sales: $2.77 billion
- Tel: 82-2-727-3391
- Fax: 82-2-727-3378
- http://www.sdd.samsung.co.kr

**Major Products**
- Color picture tubes, color display tubes, liquid crystal displays, vacuum fluorescent displays, light emitting diodes, data input devices (digitizers and touch panels), color filters, plasma display panel, batteries

Samsung Electro-Mechanics Co., Ltd.

- Employees: 9,097
- 1997 Sales: $1.23 billion
- Tel: 82-331-210-5114
- Fax: 82-331-210-6363
- http://www.sem.samsung.co.kr

**Major Products**
- Parts for mobile communications, parts for computer components and peripherals, material/general/industrial use components, optical and thin film components, audio and video parts, automotive products

Samsung Corning Co., Ltd.

- Employees: 5,500
- 1997 Sales: $1 billion
- Tel: 82-2-3457-9638
- Fax: 82-2-3457-9539
- http://www.corning.samsung.co.kr

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

Samsung SDS Co., Ltd.

- Employees: 6,300
- 1997 Sales: $593 million
- Tel: 82-2-3429-2114
- Fax: 82-2-3429-4100
- http://www.sds.samsung.co.kr

**Main Businesses**
- Systems integration, systems management, computer-aided design/computer-aided manufacturing, geographic information systems, online services, electronic data interchange, information technology training

Samsung-GE Medical Systems Co., Ltd.

- Employees: 279
- 1997 Sales: $71.6 million
- Tel: 82-342-40-6001
- Fax: 82-342-42-0422
- http://www.sgms.samsung.co.kr

**Main Products**
- MRI systems, CT systems, X-ray systems, ultrasound systems, PET systems, gamma camera, PACS, patient monitoring systems, fetal monitoring systems, defibrillators, ENG systems, ambulatory systems, central-piping systems, laser systems, ventilator
Samsung Heavy Industries Co., Ltd.
Employees: 10,600
1997 Sales: $2.3 billion
Tel: 82-2-3458-6100
Fax: 82-2-3458-7100
http://www.shi.samsung.co.kr
Main Businesses
Shipbuilding, offshore structures, steel structures, cargo and material handling systems, power systems, engines, tank farms, parking systems, refrigeration and HVAC, construction

Samsung Fire & Marine Insurance Co., Ltd.
Employees: 5,387
1997 Sales: $4.1 billion
Tel: 82-2-758-7114
Fax: 82-2-758-7311
http://www.insurance.samsung.co.kr
Main Businesses
Automobile insurance, fire insurance, marine insurance, individual annuities, personal accident insurance, overseas travelers’ insurance

Samsung Aerospace Industries Ltd.
Employees: 7,140
1997 Sales: $1.66 billion
Tel: 82-2-34677114
Fax: 82-2-34677080
http://www.ssa.samsung.co.kr
Main Businesses
Aircraft and aircraft parts, aircraft engines, gas turbines, turbine machinery, military hardware, cameras, opto-electronic devices, semiconductor lead frames, industrial machinery, factory automation systems, machine tools, helicopter shuttle services

Samsung Petrochemical Co., Ltd.
Employees: 450
1997 Sales: $500 million
Tel: 82-52-278-6241
Fax: 82-52-278-6238
Product
PTA (Purified terephthalic acid)

Samsung Fine Chemicals Co., Ltd.
Employees: 1,000
1997 Sales: $306 million
Tel: 82-2772-1900
Fax: 82-2772-1809
Main Businesses
Fine chemicals: malonate, mellosel, DNF, methyl amines, TMAC, TMAD
General chemicals: ammonia, urea, melamine, chlorinated methanes, formic acid, chlorine/pharmaceuticals
Medical devices: Touchtrack (non-invasive glucose monitoring device), HGB, L-carnitine, anticancer products
Industrial specialty coatings: marine paints, heavy-duty paints, automotive paints

Samsung Card Co., Ltd.
Employees: 2,100
1997 Sales: $687 million
Tel: 82-2-727-8000
Fax: 82-2-756-8942
http://www.scc.samsung.co.kr
Major Products
Cash advances, installment purchases, loans, factoring, travel arrangements, payment guarantees, online sales, insurance

Samsung General Chemicals Co., Ltd.
Employees: 1,790
1997 Sales: $1.09 billion
Tel: 82-2-772-6114
Fax: 82-2-772-6615
Major Products
Ethylene, propylene, butadiene, C-4 raffinates, PTA, SM, EO/EG, PX, LDPE, EVA, HDPE, PP, compounding resins

Samsung Fire & Marine Insurance Co., Ltd.
Employees: 5,387
1997 Sales: $4.1 billion
Tel: 82-2-758-7114
Fax: 82-2-758-7311
http://www.insurance.samsung.co.kr
Main Businesses
Automobile insurance, fire insurance, marine insurance, individual annuities, personal accident insurance, overseas travelers’ insurance

Samsung Security Co., Ltd.
Employees: 1,390
1997 Sales: $178 million
Tel: 82-2726-0114
Fax: 82-2726-0119
http://www.securities.samsung.co.kr
Major Products
Stock and bond brokerage, securities savings products, bond management funds, repurchase agreements, certificates of deposit, beneficiary certificates, commercial paper

Samsung Life Insurance Co., Ltd.
Employees: 80,089
1997 Sales: $17.2 billion
Tel: 82-2-751-8000
Fax: 82-2-751-8100
http://www.sli.samsung.co.kr
Main Businesses
Life insurance, real estate
Samsung

Finance Co., Ltd.

Employees: 1,473
1997 Sales: $521 million
Tel: 82-2772-6800
Fax: 82-2751-8579

Main Businesses
- Installment financing (automobiles, electronic products, housing loans, other durables), factoring (notes discounting, account receivables financing)

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Samsung Everland Inc.

Employees: 1,990
1997 Sales: $583 million
Tel: 82-335-20-8011~7
Fax: 82-335-20-8549
http://www.everland.com

Main Businesses
- Resort development and operation, building engineering, alternative energy, food service, commerce and distribution, landscape architecture, interior design

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The Shilla Hotels & Resorts

Employees: 2,318
1997 Sales: $282 million
Tel: 82-2-233-3131
Fax: 82-2-233-5073
http://www.shilla.samsung.co.kr

Main Businesses
- Business and resort hotels, duty free shops, outdoor restaurants, sports center, business consulting

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The Joong-Ang Ilbo

Employees: 1,207
1997 Sales: $453 million
Tel: 82-2-751-5114
Fax: 82-2-751-9709
http://www.joongang.co.kr

Main Businesses
- The Joong-Ang Ilbo (daily newspaper), WIN (monthly), The Economist (weekly), Newsweek Hankuk Pan (Korean edition), Ho-Am Art Hall

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Cheil Communications Inc.

Employees: 898
1997 Sales: $721 million
Tel: 82-2-3780-2114
Fax: 82-2-3780-2438
http://www.cheil.co.kr

Main Businesses
- Planning, production and execution of advertising, sales promotion, public relations, corporate identity programs, space development, research, marketing, sports and convention business

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Samsung Corporation

Employees: 7,735
1997 Sales: $21 billion
Tel: 82-2-751-3355
Fax: 82-2-751-2772, 3440
http://www.ssc.samsung.co.kr

Main Businesses
- Trade, construction, retail, apparel manufacture and sales

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Samsung Investment Trust Management Co., Ltd.

Employees: 54
1997 Sales: $5.9 million
Tel: 82-2-3455-9000
Fax: 82-2-3455-8092

Main Businesses
- Investment trust management, investment advisory business

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Samsung Motors Inc.

Employees: 6,300
Tel: 82-2-37075243
Fax: 82-2-37075262

Main Business
- Passenger car manufacturing

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Samsung Commercial Vehicles Co., Ltd.

Employees: 1,455
1997 Sales: $165 million
Tel: 82-53-589-8000
Fax: 82-53-586-2670

Major Products
- 15-ton dump trucks, 6m³ concrete mixer trucks, 73-ton tractors, 18.5-ton cargo trucks, 22.5-ton dump trucks, 11.5-ton cargo trucks, 14-ton cargo trucks, 68-ton tractors, 68-ton RCT tractors, 16kl tanker trucks, 18kl tanker trucks, 20kl aluminum tanker trucks, fire trucks

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Samsung Engineering Co., Ltd.

Employees: 1,549
1997 Sales: $919 million
Tel: 82-2-3458-3000
Fax: 82-2-3458-4047
http://www.samsungeng.co.kr

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

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Cheil Industries Inc.

Employees: 6,292
1997 Sales: $713 million
Tel: 82-2-2755-3955
Fax: 82-2-5272097
http://www.cii.samsung.co.kr

Main Businesses
- Woolen yarn, worsted yarn, woolen fabric, worsted fabric, carpet, men’s wear, women’s wear, casual wear, general-purpose resins, engineering plastics, prefabricated bathroom units, artificial marble
S1 Corporation
Employees: 4,062
1997 Sales: $265 million
Tel: 82-2-3670-8259
Fax: 82-2-3670-8149
http://www.s1.samsung.co.kr
Main Businesses
Electronic security services including local security systems, closed-circuit TV systems, security system design, consultation for and installation of electronic surveillance systems

Samsung Lions
Employees: 41
1997 Sales: $25 million
Tel: 82-53-859-3114
Fax: 82-53-859-3117
http://www.samsunglions.com
Main Businesses
Professional baseball team, sports center

Samsung Medical Center
Employees: 6,800
Tel: 82-2-3410-2114
Fax: 82-2-3410-3159
http://www.smc.samsung.co.kr
Main Businesses
Samsung Medical Center (main hospital, in Seoul), Kangbuk Samsung Hospital (Seoul), Masan Samsung Hospital (Masan), Samsung Cheil Hospital (Seoul), Samsung Bioscience Research Institute (Seoul)

Samsung Economic Research Institute
Employees: 99
Tel: 82-2-3780-8000
Fax: 82-2-3780-8005
http://www.seri.samsung.org
Main Activities
Research on public policy, fiscal and financial matters, analysis of industry trends and business environments, public and private sector consulting

Samsung Human Resources Development Center
Employees: 65
Tel: 82-335-20-1720
Fax: 82-335-20-1001
http://www.samsung.net
Main Activities
Recruitment, training and development

Samsung Advanced Institute of Technology
Employees: 900
Tel: 82-331-280-9114
Fax: 82-331-280-9099
http://www.sait.samsung.co.kr
Main Research Areas
Information processing, systems and controls, materials and devices, chemistry, biomedical engineering

Samsung Foundation of Culture
Employees: 151
Tel: 82-2-750-7994
Fax: 82-2-750-7819
http://www.hoammuseum.org
Main Activities
Ho-Am Art Museum, Ho-Am Art Gallery, Samsung Modern Art Gallery, Rodin Gallery, Samsung Children’s Museum, Korean Traditional Music Context, Samsung Prize for Literature, MAMPST Program, support for cultural and artistic activities, support for academic research, construction of museum
Introduction to Financial Data

Net Sales
Dollars in billions

Total Assets
Dollars in billions

Exports
Dollars in billions

Net Income
Dollars in millions

Return on Average Stockholder's Equity
Percent

Employees
In thousands

Sales by Sector
1997

A Electronics
$26.3 Billion (27.4%) 1997
B Machinery
$6.3 Billion (6.5%) 1997
C Chemicals
$2.1 Billion (2.2%) 1997
D Finance & Insurance
$26.2 Billion (27.2%) 1997
E Other Samsung Companies
$35.2 Billion (36.7%) 1997
### Combined Balance Sheets

#### At Year-End

<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
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<tr>
<td>Cash and bank deposits</td>
<td>4,759,148</td>
<td>6,297,761</td>
<td>6,615,295</td>
<td>5,510,541</td>
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<tr>
<td>Marketable securities</td>
<td>11,700,785</td>
<td>13,019,140</td>
<td>13,675,567</td>
<td>11,391,747</td>
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<tr>
<td>Notes receivable and accounts receivable</td>
<td>6,232,989</td>
<td>10,063,960</td>
<td>10,571,387</td>
<td>8,805,965</td>
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<tr>
<td>Inventories</td>
<td>4,631,734</td>
<td>5,152,568</td>
<td>5,412,361</td>
<td>4,508,497</td>
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<tr>
<td>Total current assets</td>
<td>40,983,371</td>
<td>61,889,644</td>
<td>65,010,130</td>
<td>54,153,438</td>
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<tr>
<td><strong>Investments</strong></td>
<td>9,788,900</td>
<td>10,831,920</td>
<td>11,378,067</td>
<td>9,477,930</td>
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<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Land</td>
<td>4,242,812</td>
<td>4,969,007</td>
<td>5,219,545</td>
<td>4,347,881</td>
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<tr>
<td>Less accumulated depreciation of building and structures</td>
<td>5,606,809</td>
<td>7,565,304</td>
<td>7,946,748</td>
<td>6,619,641</td>
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<tr>
<td>Machinery and equipment</td>
<td>6,241,383</td>
<td>7,849,360</td>
<td>8,245,126</td>
<td>6,686,190</td>
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<tr>
<td>Construction in progress</td>
<td>5,631,046</td>
<td>7,597,608</td>
<td>7,800,681</td>
<td>6,467,007</td>
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<tr>
<td>Others</td>
<td>1,029,778</td>
<td>957,618</td>
<td>1,005,901</td>
<td>837,916</td>
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<tr>
<td>Total non-current assets</td>
<td>22,731,828</td>
<td>28,938,897</td>
<td>30,398,001</td>
<td>25,321,535</td>
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<tr>
<td><strong>Other assets</strong></td>
<td>566,497</td>
<td>4,803,888</td>
<td>5,046,101</td>
<td>4,203,402</td>
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<tr>
<td><strong>Total</strong></td>
<td>83,072,596</td>
<td>106,464,349</td>
<td>111,832,299</td>
<td>93,156,305</td>
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#### Current liabilities

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<tbody>
<tr>
<td>Notes payable</td>
<td>1,077,841</td>
<td>886,785</td>
<td>931,497</td>
<td>775,937</td>
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<tr>
<td>Trade accounts payable</td>
<td>2,143,532</td>
<td>3,211,735</td>
<td>3,373,671</td>
<td>2,810,268</td>
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<td>Short-term loans</td>
<td>9,393,992</td>
<td>13,722,329</td>
<td>14,414,211</td>
<td>12,007,038</td>
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<td>Current portion of long-term debt</td>
<td>29,478,311</td>
<td>37,709,244</td>
<td>39,610,550</td>
<td>32,995,588</td>
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<tr>
<td>Advances from customers</td>
<td>1,344,170</td>
<td>1,999,927</td>
<td>2,100,764</td>
<td>1,749,936</td>
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<tr>
<td>Others</td>
<td>5,532,457</td>
<td>5,711,983</td>
<td>5,999,982</td>
<td>4,997,985</td>
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<tr>
<td>Total current liabilities</td>
<td>48,970,823</td>
<td>63,242,003</td>
<td>66,430,675</td>
<td>55,336,752</td>
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#### Non-current liabilities

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<tr>
<td>Debentures</td>
<td>7,011,518</td>
<td>9,588,083</td>
<td>10,071,516</td>
<td>8,389,573</td>
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<tr>
<td>Long-term debt</td>
<td>7,824,322</td>
<td>11,711,756</td>
<td>12,302,265</td>
<td>10,247,787</td>
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<tr>
<td>Reserves</td>
<td>1,970,634</td>
<td>2,336,205</td>
<td>2,453,997</td>
<td>2,044,180</td>
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<tr>
<td>Others</td>
<td>3,772,250</td>
<td>5,015,203</td>
<td>5,268,070</td>
<td>4,388,302</td>
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<tr>
<td>Total non-current liabilities</td>
<td>20,578,724</td>
<td>28,651,247</td>
<td>30,095,848</td>
<td>25,099,842</td>
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<tr>
<td>Other liabilities</td>
<td>1,077</td>
<td>13,722</td>
<td>14,414</td>
<td>12,007</td>
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<tr>
<td><strong>Stockholders’ equity</strong></td>
<td>83,072,596</td>
<td>106,464,349</td>
<td>111,832,299</td>
<td>93,156,305</td>
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**Total**
Combined Statement of Income

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<tr>
<td><strong>Income</strong></td>
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<tr>
<td>Net sales</td>
<td>74,640,688</td>
<td>91,519,234</td>
<td>96,133,649</td>
<td>80,079,329</td>
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<tr>
<td>Domestic</td>
<td>45,616,251</td>
<td>55,005,043</td>
<td>57,778,406</td>
<td>48,129,412</td>
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<tr>
<td>Export</td>
<td>29,024,437</td>
<td>36,514,191</td>
<td>38,355,243</td>
<td>31,949,917</td>
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<tr>
<td>Other income</td>
<td>1,555,606</td>
<td>5,144,092</td>
<td>5,403,458</td>
<td>4,501,081</td>
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<tr>
<td>Total</td>
<td>76,196,294</td>
<td>96,663,326</td>
<td>101,537,107</td>
<td>84,580,410</td>
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<tr>
<td><strong>Costs and expenses</strong></td>
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<tr>
<td>Operating cost</td>
<td>63,920,580</td>
<td>78,827,177</td>
<td>80,700,816</td>
<td>67,223,780</td>
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<tr>
<td>Selling and general administrative expense</td>
<td>7,721,101</td>
<td>9,623,039</td>
<td>10,108,234</td>
<td>8,420,159</td>
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<tr>
<td>Interest expense</td>
<td>1,752,505</td>
<td>2,404,176</td>
<td>2,525,395</td>
<td>2,103,654</td>
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<tr>
<td>Other expenses</td>
<td>2,527,407</td>
<td>7,373,406</td>
<td>7,745,175</td>
<td>6,451,730</td>
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<tr>
<td>Total</td>
<td>75,921,593</td>
<td>98,227,798</td>
<td>101,079,620</td>
<td>84,199,323</td>
</tr>
<tr>
<td><strong>Income before taxes</strong></td>
<td>274,701</td>
<td>435,528</td>
<td>457,487</td>
<td>381,087</td>
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<tr>
<td>Income taxes</td>
<td>142,907</td>
<td>158,899</td>
<td>166,910</td>
<td>139,036</td>
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<tr>
<td><strong>Net income</strong></td>
<td>131,794</td>
<td>276,629</td>
<td>290,577</td>
<td>242,051</td>
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</table>
## Combined Statement of Changes in Cash Flow

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<tbody>
<tr>
<td>Cash flow due to operations</td>
<td>6,954,554</td>
<td>8,183,680</td>
<td>8,596,302</td>
<td>7,160,720</td>
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<tr>
<td>Net income per term</td>
<td>131,794</td>
<td>276,629</td>
<td>290,577</td>
<td>242,051</td>
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<tr>
<td>Increase in unpaid expenses</td>
<td>14,408,843</td>
<td>13,733,173</td>
<td>14,425,602</td>
<td>12,016,526</td>
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<tr>
<td>Reduction in non-received income</td>
<td>(7,586,083)</td>
<td>(5,826,122)</td>
<td>(6,119,877)</td>
<td>(5,097,857)</td>
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<tr>
<td>Cash flow due to investments</td>
<td>(55,044,051)</td>
<td>(55,959,346)</td>
<td>(56,764,019)</td>
<td>(53,964,428)</td>
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<tr>
<td>Cash receipts from investment activities</td>
<td>26,668,277</td>
<td>36,063,731</td>
<td>37,882,070</td>
<td>31,555,764</td>
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<tr>
<td>Reductions in current assets</td>
<td>23,554,248</td>
<td>28,567,836</td>
<td>30,008,231</td>
<td>24,996,856</td>
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<tr>
<td>Reductions in investments and other assets</td>
<td>4,435,025</td>
<td>7,089,246</td>
<td>7,446,687</td>
<td>6,203,090</td>
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<tr>
<td>Reductions in fixed assets</td>
<td>679,004</td>
<td>406,849</td>
<td>427,152</td>
<td>355,818</td>
</tr>
<tr>
<td>Reductions in deferred assets</td>
<td>0</td>
<td>—</td>
<td>—</td>
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</tr>
<tr>
<td>Cash outlays from investment activities</td>
<td>41,712,328</td>
<td>52,023,077</td>
<td>54,646,089</td>
<td>45,520,192</td>
</tr>
<tr>
<td>Increases in current assets</td>
<td>23,999,820</td>
<td>28,567,836</td>
<td>30,745,528</td>
<td>25,611,025</td>
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<tr>
<td>Increases in investments and other assets</td>
<td>7,178,469</td>
<td>10,183,056</td>
<td>10,996,488</td>
<td>8,910,174</td>
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<tr>
<td>Increases in fixed assets</td>
<td>9,348,371</td>
<td>11,331,686</td>
<td>11,903,031</td>
<td>9,915,225</td>
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<tr>
<td>Increases in deferred assets</td>
<td>1,185,688</td>
<td>1,238,592</td>
<td>1,301,042</td>
<td>1,083,768</td>
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<tr>
<td>Cash flow due to financing activities</td>
<td>8,667,260</td>
<td>9,307,851</td>
<td>9,777,155</td>
<td>8,144,370</td>
</tr>
<tr>
<td>Cash receipts from financing activities</td>
<td>50,181,444</td>
<td>84,950,929</td>
<td>89,234,170</td>
<td>74,332,063</td>
</tr>
<tr>
<td>Reduces in current liability</td>
<td>41,214,136</td>
<td>75,431,250</td>
<td>79,234,506</td>
<td>66,002,344</td>
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<tr>
<td>Increases in long-term liabilities</td>
<td>7,765,490</td>
<td>8,761,961</td>
<td>9,203,741</td>
<td>7,666,716</td>
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<tr>
<td>Increases in capital</td>
<td>1,201,818</td>
<td>757,718</td>
<td>795,923</td>
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<tr>
<td>Other</td>
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<td>—</td>
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<tr>
<td>Cash outlays from financing activities</td>
<td>41,514,184</td>
<td>52,023,077</td>
<td>54,646,089</td>
<td>45,520,192</td>
</tr>
<tr>
<td>Increases in deferred assets</td>
<td>28,200</td>
<td>53,544</td>
<td>56,244</td>
<td>46,851</td>
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<tr>
<td>Reductions in current liabilities</td>
<td>40,660,279</td>
<td>74,204,494</td>
<td>77,957,055</td>
<td>66,587,693</td>
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<tr>
<td>Reductions in long-term liabilities</td>
<td>271,470</td>
<td>1,168,684</td>
<td>1,227,609</td>
<td>1,022,598</td>
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<tr>
<td>Divided payments</td>
<td>196,010</td>
<td>195,057</td>
<td>204,892</td>
<td>170,675</td>
</tr>
<tr>
<td>Other</td>
<td>358,225</td>
<td>21,299</td>
<td>22,373</td>
<td>18,637</td>
</tr>
<tr>
<td>Increases in cash</td>
<td>577,763</td>
<td>1,552,185</td>
<td>1,809,438</td>
<td>1,340,662</td>
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<tr>
<td>Cash at the beginning of the term</td>
<td>4,324,884</td>
<td>4,902,447</td>
<td>5,149,629</td>
<td>4,289,641</td>
</tr>
<tr>
<td>Cash at the end of the term</td>
<td>4,902,447</td>
<td>6,454,632</td>
<td>6,759,067</td>
<td>5,630,303</td>
</tr>
</tbody>
</table>

**Notes:**
- The combined financial statements have been prepared on the basis of financial statements from the Samsung companies.
- All of the figures have been examined by independent auditors in accordance with the generally accepted auditing standards practiced in the Republic of Korea.
- Won/U.S.$ exchange rate: W952/1 was the yearly average. Other figures: W952/1 was the rate as of the end of December 1997.
- ECU/U.S.$ exchange rate: -0.833/1.
<table>
<thead>
<tr>
<th>Samsung Electronics Co., Ltd.</th>
<th>Samsung Electronics Canada Inc. (SECA)</th>
<th>Tel: 1-604-544-4000, 4004</th>
<th>Fax: 1-604-544-4407</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Semiconductor, Inc. (SSI)</td>
<td>Samsung Information Systems America, Inc. (SISA)</td>
<td>Tel: 1-800-544-4000</td>
<td>Fax: 1-800-544-4407</td>
</tr>
<tr>
<td>Samsung Telecommunications America, Inc. (STAA)</td>
<td>Samsung Austin Semiconductor (SAS)</td>
<td>Tel: 512-672-1000, 1025</td>
<td>Fax: 512-672-1025</td>
</tr>
<tr>
<td>Samsung Electronics Panama (Zona Libre) S.A. (SPP)</td>
<td>Samsung Electronics Mexico S.A. de C.V. (SEMA)</td>
<td>Tel: 5272-01122</td>
<td>Fax: 5272-01177, 1211</td>
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<tr>
<td>Samsung Electronics Do Colômbia S.A. (SAMDOL)</td>
<td>Samsung Electronics Hong Kong Co., Ltd. (SEHK)</td>
<td>Tel: 51-633-4470</td>
<td>Fax: 51-633-4470</td>
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<tr>
<td>Samsung Electronics Australia Pty. Ltd. (SEAU)</td>
<td>Samsung Electronics Asia Pacific Co., Ltd. (SAPL)</td>
<td>Tel: 612-9638-5200</td>
<td>Fax: 612-9684-4084</td>
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<td>Samsung Electronics (M) SDN BHD (SEM)</td>
<td>Samsung Electronics Taiwan Co., Ltd. (SET)</td>
<td>Tel: 60-3-376-1098</td>
<td>Fax: 60-3-376-3481</td>
</tr>
<tr>
<td>Samsung Electronics Co., Ltd. Moscow Office (SEMCO)</td>
<td>Samsung Semiconductor Europe Ltd. (SESE)</td>
<td>Tel: 44-181-974-2800/44181-3979494</td>
<td>Fax: 44-181-974-2800/44181-3979494</td>
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<td>Samsung Electronics Hong Kong Co., Ltd. (SEHK)</td>
<td>Samsung Electronics France SA (SEF)</td>
<td>Tel: 33-4-863-4547</td>
<td>Fax: 33-4-863-7348</td>
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<tr>
<td>Samsung Electronics Semiconductor Europe SA (SESE)</td>
<td>Samsung Electronics GmbH (SEGD)</td>
<td>Tel: 49-6196-661000</td>
<td>Fax: 49-6196-661000</td>
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<tr>
<td>Samsung Electronics Italia S.P.A. (SEI)</td>
<td>Samsung Electronics Nunsan Electronics Co., Ltd. (SST)</td>
<td>Tel: 70-979-7240-3</td>
<td>Fax: 70-979-7240-3</td>
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<td>Samsung Electronics Co., Ltd. Moscow Office (SEMCO)</td>
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