

S A M S U N G
PRESS INFORMATION



OVERVIEW

PRESS INFORMATION



Company Overview

History of Samsung

Samsung's history dates to 1938 when "Samsung General Stores" opened in North Kyung-sang Province, Korea. The company conducted its trade business until the 1950s when it became a producer of basic commodities such as sugar and wool. In 1958, Samsung became involved in the insurance industry by incorporating a local fire & marine insurance company.

During the 1960s, Samsung became one of the first Korean companies to actively expand its overseas trade. The group consolidated its manufacturing base by adding paper and fertilizer businesses. Samsung continued with expansion into the life insurance business, strengthened its retail operations and then moved into the communications sector, successfully establishing a newspaper and a broadcasting company.

The 1970s were a crucial period in shaping present-day Samsung. Its strengths in the semiconductor, information and telecommunications industries grew from the significant investments made during this period. Samsung also took a meaningful step toward heavy industries by venturing into aircraft manufacturing, shipbuilding and construction, as well as chemical industries.

In the 1980s, Samsung expanded its efforts into exploring the larger markets overseas. The group began contributing to foreign economies by building facilities in the US, the UK and Portugal. Samsung also invested considerable resources into fostering Korea's rich heritage by supporting a wide range of cultural and artistic activities.

The final decade of the 20th century saw the evolution of Samsung's new approach to management. Chairman Kun-Hee Lee's insightful vision and the introduction of the "New Management" in 1993 acknowledged the need to transform management philosophy in order to keep up with a rapidly changing global economy. More recently in 2000, a "Digital Management" approach was adopted to ensure that Samsung maintains a leading position as the Information Age continues to transform global business and culture.

Since Kun-Hee Lee's appointment as Chairman in 1987, the group's total sales increased by 7.2 times to US\$98.7 billion and net income by 25 times to US\$4.5 billion in 2001. Total assets of the group grew 12.6 times to US\$124.3 billion.

Today, Samsung has evolved into a group of companies unmatched by others in its range of industries and performance. It is now coherently restructured and streamlined, well-trained, globally-focused and responsive to the needs of each market, and more committed than ever to true innovation. The group's three core business sectors are electronics, finance, and trade and services.

Company Overview

Leaders of Global Growth

Kun-Hee Lee, Chairman:

Son of founder Byung-Chull Lee, Kun-Hee Lee's early career at Samsung included a decade serving as Executive Director of the Joong-Ang Daily newspaper and Tong-Yang Broadcasting Corporation. Becoming Vice Chairman of the Samsung Group in 1978 and Chairman in 1987, Lee presented a blueprint for Samsung's global success in the 21st century with his "New Management" declaration in 1993. In 1998, Lee took over the helm of Samsung Electronics Co. as Chairman.

Lee's "New Management" encompasses intellectual capital, organizational creativity, technological innovation and employee empowerment as the key strategies for Samsung's profitable growth in an era of unbridled global competition. Lee was named among Asia's 50 most influential people by *Asiaweek* for six consecutive years and was also named one of the world's most influential people by the French weekly *Le Nouvel Observateur*. His broad perspective on business stems in part from his participation in many organizations such as the Korea-Japan Economic Committee and the Federation of Korean Industries.

An amateur wrestler in his youth and an avid golfer and equestrian today, Chairman Lee is committed to the advancement of amateur sports in Korea and around the world. He has been a member of the International Olympic Committee since the 1996 Atlanta Olympic Games. Born in 1942 in Uiryung, Kyongnam Province, South Korea, Lee majored in Economics at Japan's Waseda University and studied Business Administration at George Washington University in the United States.

Byung-Chull Lee (1910-1987), Founder:

Byung-Chull Lee, who founded the Samsung Store in 1938, was the leading business visionary of his time. With a philosophy of service to the nation through business and an emphasis on cultivating quality human resources, Lee is remembered today as much for his pioneering role in Korea's industrialization as for his philanthropic activities and spirit of social duty.

Samsung's, and indeed Korea's, strong presence in semiconductors, electronics, engineering, aerospace and many other future-oriented industries can be traced directly to the early foresight and determination of founder Lee.

Mr. Lee also devoted himself to preserving the nation's cultural heritage for future generations. The establishment of the Ho-Am Art Museum, which houses the largest private collection of art and artifacts in Asia, preserves the nation's heritage, while the Samsung Foundation of Culture encourages the cultural and artistic pursuits of future generations. In 1997, the Ho-Am Foundation was created in memory of founder Lee's contribution to society.

Vision and Strategy

In 1993, Chairman Kun-Hee Lee presented a blueprint for Samsung's global success in the 21st century with his "New Management" declaration that encompasses intellectual capital, organizational creativity, technological innovation and employee empowerment as the key strategies for Samsung's profitable growth in an era of unbridled global competition.

"New Management" implementation began by encouraging individual employees to first make changes within themselves, striving to care more for others and to behave ethically. Today, performance at Samsung is measured in qualitative rather than quantitative, terms. Moreover, international competitiveness is an overriding objective, achieved through multi-faceted integration of facilities as well as the development of global information systems. Samsung's ultimate goal is to achieve quality-of-life improvements worldwide by succeeding as a top-tier enterprise in the 21st century.

For the past half-century, Samsung employees have been guided by a corporate philosophy that states, "We will devote our people and technology to create superior products and services, thereby contributing to a better global society." Today, this corporate philosophy unites all Samsung-affiliated companies. Through enhanced global management, Samsung is now embracing the emerging business trends worldwide, enabling it to react quickly and respond to local market changes.

The year 2000 was declared as "Samsung's initial year of digital management." Through this declaration, Samsung set an objective to become the winner in the digital era of the 21st century through leading initiatives based on its pioneering spirit and management strategy of selection and concentration, as well as by advancing the standards of next generation digital convergence technology.

Innovation has long been critical to Samsung's success, helping the group to be "first" in many new product developments and technological breakthroughs. Its commitment to innovation continues to be stronger than ever. For example, Samsung Electronics, which has been among the world's top 10 in US patents for four consecutive years, has 13,000 researchers representing a US\$1.7 billion investment in Research and Development.

As Samsung expands its global presence and recognition, it has not lost touch with its roots in Korea. Samsung continues to be a leading influence and major supporter of the Korean economy, society, and culture.

Although Samsung-affiliated companies are spread over a range of industries and operate independently, they share the same overall management philosophy, code of conduct and corporate identity. Chairman Lee is responsible for determining the long-term vision and

Company Overview

direction of strategy for the group, while Chief Executive Officers of each affiliate have the responsibility for autonomous decision-making on ordinary business issues.

Samsung aims to grow the businesses of the group to about US\$224 billion in sales by 2010, with income before tax of around US\$25 billion. Total assets are expected to reach in excess of US\$280 billion.

Globalization

With more than 285 overseas operations in 67 countries, Samsung is truly global in scope and nature. Samsung's strategy is two-pronged: to prudently expand outside its home market and to equip overseas units with the skills and resources to be self-sufficient.

This strategy brings Samsung, and the countries where it operates, enormous opportunities. Globalization provides access to new suppliers and customers, and allows Samsung to learn and benefit from new cultures and new ideas. In addition, Samsung places a priority on being a respected corporate citizen, a good employer, and a helpful neighbor in the local community and hence contribute to the local economy.

Samsung is already a world leader in many business areas. In electronics, it is the number one producer of memory chips, LCDs, displays and CDMA handheld phones. In finance, Samsung Life Insurance is ranked 10th largest life insurance company in the world by *Fortune* magazine.

Increasingly, Samsung has been forming cooperative alliances with some of the leading names in the global technology arena to share vision, knowledge and experience.

Alliances include cooperation with Microsoft, AOL Time Warner, and Sprint in the areas of technology and marketing. Samsung is also working with Intel, Sony, and Qualcomm on technology exchange as well as standardization. Collaborating with Dell, IBM, Compaq, and Hewlett-Packard has helped to reduce risks in entering new business areas and to secure stable supplies.

The partnerships are designed to provide all customers with efficiency, productivity and stability with the aim of being a total solutions provider in the areas of home, mobile and office through Digital Convergence and Networking.

Samsung's goal in every market is to maximize brand equity through superior design, marketing, and customer service, and to constantly deliver the highest-quality products. The steadfast commitment in each of these areas will ultimately place the "Samsung" name

Company Overview

among the best known and most respected in the world. Samsung's brand value increased to US\$8.31 billion in 2002 from US\$6.37 billion in 2001 and was recognized by Inter-brand Corporation as the fastest growing global brand.

Commitment to Human Resources

One of the management philosophies of the late founding Chairman Byung-Chull Lee was that "A Company is Its People." Attracting and developing the best people is key to Samsung maintaining, and enhancing, an advantageous position in an era of technology competition.

All new employees attend a comprehensive one-month orientation / education program to learn and understand the core values of the group, its management and strategic direction, and the vision that Samsung is pursuing.

One of Samsung's human resources strategies is to recruit the highest-quality personnel from around the world, regardless of nationality, by focusing on those who have Masters and Doctorate degrees in all areas of management, such as research and development, marketing, finance, design and information technology.

Recognizing that globalization of domestic human resources is as important as attracting high-quality personnel from overseas, Samsung is continuously strengthening the global competencies of core personnel by focusing on foreign language proficiency and ability to acclimatize to foreign cultures.

Samsung is also making efforts to provide early career-development programs for individuals who have been identified as possessing noteworthy capability and talent in a range of areas.

Since its establishment, Samsung has become a national company representing Korea as a result of implementing its spirit of "Priority of Human Resources" through which it has placed great value in its employees and raised human resources necessary for the nation and the community.

Key Facts

- **Date founded:** 1938
- **Chairman (since 1987):** Kun-Hee Lee
- **Founder:** Byung-Chull Lee (1910-1987)
- **Headquarters:** Seoul, South Korea
- **Global Operations:** 285 offices and facilities in 67 countries
- **Main Business Sectors:** Electronics, Finance, and Trade and Services
- **Number of Employees:** 173,000 worldwide
- **Number of listed companies within the group:** 14

- **Listed Companies:**

- Samsung Electronics Co., Ltd.
- Samsung SDI Co., Ltd.
- Samsung Electro-Mechanics Co., Ltd.
- Samsung Techwin Co., Ltd.
- Samsung Heavy Industries Co., Ltd.
- Samsung Fine Chemicals Co., Ltd.
- Samsung Fire & Marine Insurance Co., Ltd.
- Samsung Securities Co., Ltd.
- Samsung Corporation
- Samsung Engineering Co., Ltd.
- Cheil Industries Inc.
- The Shilla Hotels and Resorts Co., Ltd.
- Cheil Communications Inc.
- SI Corporation

- **Financial Overview**

(in Billions)

Years	Currency	Net sales	Total Assets	Total Liabilities	Total Stockholder's Equity	Net Income
2001	Won	127,459.2	164,823.3	117,707.1	47,116.3	5,764.6
	U.S. Dollar	98.7	124.3	88.8	35.5	4.5
	Euro	110.2	140.6	100.4	40.2	5.0
2000	Won	135,037.6	143,236.4	106,828.4	36,408.0	8,301.6
	U.S. Dollar	119.5	113.7	84.8	28.9	7.3
	Euro	129.3	120.6	90.0	30.7	8.0
1999	Won	111,233.0	133,651.0	101,412.0	32,239.0	2,561.0
	U.S. Dollar	93.5	116.7	88.5	28.2	2.2
	Euro	87.7	116.2	88.1	28.1	2.0

- **Aggregate value of stock at year-end (based on the 14 listed companies):**

(in Billions)

Years	Won	U.S. Dollar	Euro	% of Korean Stock Market share
2001	62,100	46.8	52.9	24.3
2000	37,200	29.5	31.3	20
1999	64,200	56	55.8	18.4

• The financial overview has been audited as of December 31, 2001.

* For Net Sales and Net Income. Yearly Average Exchange Rates have been applied.

* For Total Assets, Total Liabilities and Total Stockholders' Equity, Year-End Exchange Rates have been applied.



● For more information, please visit: www.samsung.com

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COMPANY PORTFOLIO

PRESS INFORMATION

SAMSUNG

Company Portfolio

Samsung Electronics Co., Ltd. is a global leader in semiconductor, telecommunications, and digital convergence technology. The company manufactures a wide range of products from consumer audio/visual and computer-related products, telecommunications, and home appliances to semiconductors and is the world's largest producer of memory chips, TFT-LCDs, CDMA mobile phones, monitors and VCRs. Established in 1969, today it employs over 63,000 people in 47 countries worldwide. Samsung Electronics is listed on the Korea Stock Exchange (05930) and reported a total sales of US\$25.9 billion in 2001. *BusinessWeek* ranked Samsung Electronics first in its Information Technology global ranking for 2002. (<http://www.samsungelectronics.com>)

Samsung SDI Co., Ltd. is a world leader in digital and mobile display technology. The company produces display products ranging from CRT (Cathode Ray Tube), LCD (Liquid Crystal Display), VFD (Vacuum Fluorescent Display) to PDP (Plasma Display Panel) and OLED (Organic Electroluminescent Display). In addition, Samsung SDI manufactures rechargeable batteries such as lithium ion batteries and lithium polymer batteries for mobile applications. The company employs over 22,300 people in ten countries. To achieve global competitiveness, the company operates nine overseas factories in China (Shanghai, Tianjin, Shenzhen, and Dongguan), Germany, Hungary, Mexico, Brazil, and Malaysia. Samsung SDI is listed on the Korea Stock Exchange (06400) and reported a total sales of US\$5.6 billion in 2001. (<http://www.samsungtdi.com>)

Samsung Electro-Mechanics Co., Ltd. (SEM) develops and produces key electronic parts and components, specializing in chips and circuit boards, mobile communication components, computer components and peripherals, audio/visual components and printed circuit boards. Established in 1973, SEM has nine production bases and 32 sales offices worldwide. The company is listed on the Korea Stock Exchange (09150) and reported a total sales of US\$2.3 billion in 2001. (<http://www.sem.samsung.com>)

Samsung Corning Co., Ltd. is a global provider of materials and parts for electronic products. The company manufactures core electronics components for display and information devices, concentrating on four business areas: Glass, Coating, Ceramic and Optical Materials. Founded in 1973, the company has 4,950 employees worldwide and six production facilities in Korea, Malaysia, Germany and China. Total sales for 2001 was US\$879 million. (<http://www.samsungcorning.com>)

Samsung Corning Precision Glass Inc. (SCP) is a leading producer of glass for TFT-LCDs, a major component in a wide range of products including portable computers, LCD monitors and digital cameras. In collaboration with Corning Inc. of the US, SCP developed the most advanced fusion method for manufacturing panel glass today. Total sales for 2001 was US\$237 million. (<http://www.samsungscp.co.kr>)

Company Portfolio

Samsung SDS Co., Ltd. is the largest global Information Technology services provider in Korea, established in 1985. With a total sales of US\$1.02 billion in 2001 and an expanding network of 6,424 employees in branches around the world, Samsung SDS offers a wide range of services and products including Consulting, Systems Integration, Software Development, Packaged Software, Outsourcing, and Technical Training. In 2001, Samsung SDS was nominated as the Best Employer in Korea by *Asian Wall Street Journal*, *Far Eastern Economic Review* and Hewitt Associates. In January 2002, Gartner Dataquest Inc rated Samsung SDS the fourth largest Information Technology services provider in Asia-Pacific. (<http://www.sds.samsung.com>)

Samsung Techwin Co., Ltd. comprises four main business units: the Semiconductor Business (Chip mounter, Wire Bonder, Lead Frame), Optics & Digital Imaging Business (Camera, CCTV, SVP, Optical Instruments), Engine Business (Aircraft engines, Overhaul, Turbo-machinery) and Defense Program (155mm SPH, K9 Thunder, M9ACE). Beginning with the aircraft engine business in 1977, Samsung Techwin has conducted important nation-wide and industry-wide businesses related to high-technology industries. As of December 2001, Samsung Techwin employed 3,800 people in Korea, China, Japan, USA and Europe. Samsung Techwin is listed on the Korea Stock Exchange (12450) and reported a total sales of US\$1.05 billion in 2001. (<http://www.samsungtechwin.com>)

Samsung Networks Inc. was launched in January 2002 when Unitel Co., Ltd. spun-off its online consumer business division. As a global Business Internet Services Provider, the company now concentrates on services specifically designed for corporate customers. Samsung Networks focuses on three key areas: Network Solution and Service; Telephony Service; and eBusiness Solution and Service. Network Solution and Service can be segmented into Global Network Service, IP VPN Service, and Broadcasting Network Services. Telephony Service includes PBX service, Business International Calls, and VoIP Service. eBusiness Solution and Service comprises Billing, Hosting, and EDI Service. The company reported a total sales of US\$294 million in 2001. (<http://www.samsungnetworks.net>)

Samsung Heavy Industries Co., Ltd. (SHI) is a highly integrated organization which delivers a broad range of services in the shipbuilding industry. SHI consists of three complementary sectors: Shipbuilding & Offshore, Construction and Digital Control System. In the Shipbuilding & Offshore Division, SHI concentrates on the production of a variety of products: commercial and value-added ships, offshore vessels and structures, as well as cargo and material handling facilities. The Construction Division specializes in civil and plant work, architecture, project development and environment and energy facilities. Lastly, the Digital Control Systems Division focuses on integrated automation and navigation systems. Established in 1974, today it employs over 6,980 people worldwide with 13 branch offices and one manufacturing subsidiary. SHI is listed on the Korea Stock Exchange (10140) and reported a total sales of US\$3.1 billion in 2001. (<http://www.shi.samsung.co.kr>)

Company Portfolio

Samsung Engineering Co., Ltd. (SECL) is a global engineering, procurement and construction contractor in the petrochemical, oil-refinery, gas-processing, and industrial/environmental plant fields. Specializing in the planning, financing, design and operation of turn-key projects, SECL was established in 1970 and today employs over 1,110 people in 11 countries worldwide. The company is listed on the Korea Stock Exchange (28050), reporting a total sales of US\$1.05 billion in 2001. The company also sponsors an environmental education program for children through the website www.e-gen.co.kr. (<http://www.samsungengineering.com>)

Samsung General Chemicals Co., Ltd. is a petrochemicals company that manufactures chemical products used in the material components of many everyday items. Among the products manufactured are olefins, such as ethylene and propylene; basic petrochemicals, such as SM and PX; and polyolefins, such as PE and PP. Established in 1988, today it employs over 880 people in three countries. Samsung General Chemicals reported a total sales of US\$1.3 billion in 2001. (<http://www.samsungchem.com>)

Samsung Petrochemical Co., Ltd. produces Purified Terephthalic Acid (PTA), the raw material for manufacturing domestic polyester fibers. PTA is also widely used in films, bottles and paints. Established in 1974, today it employs over 340 people. Samsung Petrochemical reported a total sales of US\$598 million in 2001. (<http://www.myspc.com>)

Samsung Fine Chemicals Co., Ltd. comprises three main business units: the General Chemical Business, Fine Chemical Business and Life Science Business. General chemicals produced by the company are medium products and materials that are essential for manufacturing and producing food, textile and construction materials. Fine chemicals are based on products from general chemicals and their applications are diversified and used in many different industries. In Life Science, the company manufactures medicinal materials, capsule materials and purifying and coating materials. Established in 1964, today the company employs about 792 people. Samsung Fine Chemicals is listed on the Korea Stock Exchange (04000) and reported a total sales of US\$471 million in 2001. (<http://www.sfc.samsung.co.kr>)

Samsung-BP Chemicals Co., Ltd. is a joint venture with BP Chemicals and its main business is the production of Acetic Acid, a base material for downstream petrochemical products. Established in 1989, today the company employs 171 people. Samsung-BP Chemicals reported a total sales of US\$201.5 million in 2001. (<http://www.samsungbp.co.kr>)

Company Portfolio

Samsung Life Insurance Co., Ltd. is Korea's largest life insurer. With innovative products and programs, the company is expanding aggressively overseas through operations in China, Singapore, Thailand, the UK and the USA. Reporting a total operating income of US\$17.2 billion in 2001, Samsung Life Insurance was rated the tenth largest life insurance company in the world by *Fortune* magazine, (<http://www.samsunglife.com>)

Samsung Fire & Marine Insurance Co., Ltd. (SF&M) is a premier non-life insurer in Korea with market share of over 30%, covering risks including fire, casualty, auto, and long-term products. Established in 1952, today the company has overseas branches and local offices in Europe, USA, Japan, Indonesia, and China. SF&M is listed on the Korea Stock Exchanges (00810) and reported a total operating income of US\$570 million in 2001. Far Eastern Economic Review rated SF&M as a one of the 200 best-managed companies in Asia, (<http://www.samsungfire.com>)

Samsung Card Co., Ltd. is a complete financial services company that aims to improve the quality of life through high quality services by creating a sound spending culture and by offering convenience to consumers and corporate customers. Since its establishment in 1988, the company has grown to be the biggest credit card company in Korea. As of the end of 2001, the company has over 2,540 employees and reported a total operating income of US\$26 billion. (<http://www.samsungcard.co.kr>)

Samsung Securities Co., Ltd. is the leading investment bank in Korea, committed to servicing its clients and shareholders with the highest standards of integrity and professionalism expected from a world-class financial institution. The company comprises four main business units: the Retail Business, Institutional Business, Investment Banking Business and a Research Center. Established in 1992, today it employs over 2,510 people in four countries. Samsung Securities is listed on the Korea Stock Exchange (16360) and reported a total operating income of US\$1.47 billion in 2001. *Euromoney* nominated Samsung Securities as Best Local Securities House in Korea from 1999 to 2001. (<http://www.samsungfn.com/ir/english>)

Samsung Capital Co., Ltd. has created a new paradigm of financial services for households in Korea with a variety of convenient financial products. The company provides diversified financial services grouped into four key business segments: Sales Finance, Personal Loan, Aha-loan Pass and Business Loan. Founded in 1995, Samsung Capital has grown in size to 1,564 employees with a total of US\$776 million in operating income by 2001. Its domestic credit rating was upgraded to 'AA-' from 'A+' in 2001, and it received the Presidential Award in the General Competition for the Management and Productivity in Korea for its contribution to the national economy. (<http://www.ahaloan.com>)

Company Portfolio

Samsung Investment Trust Management Co., Ltd. is a specialized investment management house in Korea, providing fund management, advisory and related services for private and institutional investors. Samsung ITMC has its own Research Center to ensure consistency in strategy and results. At Samsung ITMC, risk management is the top priority in building wealth for its clients. The company adheres to a strict compliance system and operates a transparent investment process by disclosing full investment details to clients. As a leading investment management company in Korea with a total of US\$13.46 million of operating income under management in 2001, Samsung ITMC aims to become a prominent global money manager to support investors around the world to reach their financial goals. (<http://www.samsunginv.com>)

Samsung Venture Investment Corporation (SVIC) is a venture capital company established in 1999 with the goal of discovering and developing potential venture corporations that will be technological leaders of the 21st century. SVIC provides innovative and dynamic start-up companies with professional financial and managerial support necessary to navigate through national and international business waters and reported a total of US\$3.11 million in operating income in 2001. (<http://www.samsungventure.co.kr>)

Samsung Corporation has been a leading trading company in Korea since 1938 and now operates three major business groups: Trading, Construction and Housing Development. The company's main export items include semiconductors, chemicals, and textiles. The Construction Group carries out various construction, civil engineering, industrial plant and land development projects around the world. The Housing Development Group is renowned in Korea for building quality condominiums and apartments equipped with fiberoptic networks in some of the most desirable residential areas. Today it employs over 4,164 people in 82 overseas offices. Samsung Corporation is listed on the Korea Stock Exchange (00830) and reported a total sales of US\$35 billion in 2001. *Forbes* magazine ranked Samsung Corporation 40th in its Global 500 corporation ranking in 2002. (<http://www.samsungcorp.com>)

Cheil Industries Inc. was established in 1954 to lead the development of the textile industry in Korea. Today, the company focuses on four core businesses: Textile, Fashion, Chemical and Electronic Material. It is now a leading fashion house in Korea with its variety of fashion collections. The Chemical business division sells the chemical resins used in the manufacturing of electronic and information and telecommunications equipment. The company began its electronic chemical materials business in 1996 with the production of EMC (Epoxy Molding Compound), a chemical material used for semiconductors. Cheil Industries is listed on the Korea Stock Exchange (01300) and reported a total sales of US\$1.31 billion in 2001. (<http://www.cii.samsung.co.kr>)

Company Portfolio

Samsung Everland Inc. was founded in 1963 and is composed of five business divisions: Resort, Engineering, Food Service and Distribution, Environmental Development, and Golf Club. The Resort Division operates Everland, a world-class theme resort visited by nine million people each year. The Engineering Division includes businesses in asset management, energy saving and re-modeling. The Food Service and Distribution Division provides schools and companies with food services and material. The Environmental Development Division provides design and construction solutions. The Golf Club Division operates the four leading golf clubs in Korea. Samsung Everland also runs a number of initiatives and programs in support for animal welfare. Founded in 1963, the company has 1,600 employees and made US\$638 million in total sales in 2001.

(<http://www.samsungeverland.com>)

The Shilla Hotels and Resorts Co., Ltd. is a leader in the hospitality industry and the only Korean member of the Leading Hotels of the World. It comprises a business hotel, The Shilla Seoul, a resort hotel, The Shilla Cheju, and the Duty-Free Shop. Established in 1979, the company has offices in Tokyo and New York and employs over 1,750 people. The Shilla Hotels & Resorts is listed on the Korea Stock Exchange (08770) and reported a total sales of US\$333 million in 2001. (<http://www.shilla.samsung.co.kr>)

Cheil Communications Inc. is an integrated communications company involved in a wide range of activities, including advertising planning and production, sales promotion, sporting events, large-scale promotional events and public relations. Founded in 1973, the company has grown to become Korea's leading advertising agency. Cheil Communications is listed on the Korea Stock Exchange (30000) and reported a total sales of US\$265 million in 2001. (<http://www.cheil.com/en>)

S1 Corporation is the top ranking company in Korea that provides specialized high quality security services. The company's security system services under the renowned SE-COM brand continues to earn trust from customers based on service differentiation and quality. The company is actively undertaking future oriented new businesses such as smart card, location and communication security. Its main business areas are: Security System Business, Security Device Sales Business, Smart Card Business, Value Added Network (VAN) Business, Location Business and Communication Security Business. S1 Corporation is listed on the Korea Stock Exchange (12750). Today, the company employs 3,104 people and its total sales was US\$277 million in 2001. (<http://www.s1.co.kr>)

Not-For-Profit Organizations

Samsung Medical Center operates four general hospitals (three in Seoul and one in Masan, Korea) and a bioscience research institute. Samsung Medical Center benefits from the latest medical technology to provide the best treatment and services to patients. The Center is a subsidiary of Samsung Life Public Welfare Foundation, which operates Noble County, the state-of-the-art retirement community located in a suburban area of Seoul. (<http://www.smc.samsung.co.kr>)

Samsung Economics Research Institute is the largest private institution of its kind in Korea, contributing to society through the provision of knowledge and information since 1986. Employing a total of 145 people, the institute operates through two divisions (Economic Research and Management Research) and three centers (Consulting, Public-Policy Research, and Information). The institute's eight departments are: Domestic Economy, International Economy, Finance, Technology and Industry, Management Strategy, Human Resources Management, Knowledge Management, and Research Coordination. (<http://www.seri.org>)

Samsung Advanced Institute of Technology (SAIT) is the group's central Research & Development organization. It develops innovations and new findings in the areas of digital, nanotechnology, MEMS (Micro Electro Mechanical System), opto, energy, and biotechnology. Activities include researching "frontier" technology for creating new businesses, and developing leading and basic technology for enhancing competitiveness of existing products. SAIT also provides Samsung affiliates with mid- and long-term technology strategies and technology consulting. Other functions include complex computer simulations as well as sample and process analysis. Established in 1987, today it employs 800 people, (<http://www.sait.samsung.co.kr>)

Samsung Human Resources Development Center (SHRDC) is responsible for developing Samsung employees and fostering the corporate culture. The institution leads and supports a wide variety of training programs for all Samsung affiliated companies. The center at Changjo Gwan, located in Yongin city, offers the Corporate Value Training Course, Core Human Resources Training Course and Basic Training Course. Located nearby, the Hoam Gwan offers foreign language and culture-related courses. SHRDC also runs a center located in Seoul, which offers Cyber-education programs that specifically focus on foreign language education and globalization education for employees stationed in Seoul. (<http://www.shrdc.com>)

Company Portfolio

Samsung Foundation of Culture was founded in 1965 and works to uncover, preserve and broaden the awareness of Korea's rich cultural heritage and its traditional and contemporary arts, by supporting a wide range of cultural and artistic activities and academic research (<http://www.sfoc.org>). It manages the Ho-Am Art Museum (<http://www.hoammuseum.org>), the Ho-Am Art Gallery (<http://www.samsungmuseum.org>), the Rodin Gallery (<http://www.mdingallery.org>), and the Samsung Children's Museum (<http://www.samsungkids.org>).

The Samsung Welfare Foundation serves the community and helps children and young adults develop into healthy, productive members of society through a wide range of programs. Since it was founded in 1989, it has established Child Care Centers that offer quality education for children of low-income families and supports the development of social welfare programs in Korea, (<http://www.samsungwelfare.org>)

The Ho-Am Foundation was founded in 1997 with funds donated by the Cheiljedang, Saehan, Hansol, Shinsegae and Samsung Groups to perform community service in memory of Ho-Am, founding Chairman Byung-Chull Lee's personal philosophy regarding corporations and culture. The foundation administers the Ho-Am prize, presented to individuals who have contributed to cultural, artistic and social development or furthered the welfare of humanity through distinguished accomplishments in the areas of Science, Engineering, Medicine, Arts and Community Service. (<http://www.foamprize.org>)

Samsung Lions is a professional baseball team established in 1982 in Taegu, the third largest city in Korea, (<http://www.samsunglions.com>)

GLOBAL PERFORMANCE

PRESS INFORMATION

SAMSUNG

Global Market Position

Samsung leads the world in market share with an array of "world-best" products and aims to extend this number of products to 30 by the year 2005:

Product	Market Position	'01 Market Share	Company
DRAM Chips DRAM chips are the most widely-used computer memory chips in the world.	1	29.0%	Samsung Electronics Co., Ltd.
SRAM Chips Samsung's SRAM chips are ideal for portable computers and mobile phones since they consume less power and need no refresh circuitry.	1	26.0%	
Microwave Oven In many aspects, from design to function, the quality of Samsung microwave ovens is renowned.	1	23.1%	
TFT-LCD TFT liquid crystal display panels are used in products such as portable PCs and TFT-LCD monitors.	1	22.4%	
CDMA Handset Samsung introduced the smallest, lightest, and most compact CDMA2000 1X handset on the market.	1	22.2%	
Color Monitor Samsung has maintained the No. 1 position in the global market for the past 14 years on the strength of quality and product capabilities.	1	21.3%	
VCR Samsung leads the world's VCR market with vertical product integration and production competitiveness in place since 2001.	1	16.8%	
Color Display Tube (CDT & CPT) The main application for CDT is computer monitors. The main application for CPT is televisions.	1	22.3%	Samsung SDI Co., Ltd.
Floppy Disk Drive (FDD) Storage devices used in computer systems.	1	16.4%	Samsung Electro-Mechanics Co., Ltd.
Deflection Yoke Deflection yokes control the horizontal and vertical deflection of beams emitted by electron guns used in display products.	1	15%	

Global Market Position

<p>Tuner A device that enables viewers to watch a selected channel by receiving only the required signals.</p>	1	15%	
<p>Fly Back Transformer Fly back transformers supply the necessary high voltage to cathode ray tubes.</p>	1	14%	Samsung Electro-Mechanics Co., Ltd.
<p>VCR (Drum & Head) A VCR drum functions the recording and play-back video and audio signals on a videotape. The head is a vital part in the VCR that plays back video signals recorded on videotape.</p>	1	12.6%	
<p>Rotary Transformer A core component integrated in the head drums of VCRs and camcorders to transmit video images between the head and the main body of these devices.</p>	1	45%	Samsung Corning Co., Ltd.
<p>STN Indium Tin Oxide (ITO) Coated Glass ITO coated glass is ideal for liquid crystal displays.</p>	1	44%	
<p>Dimethylformamide (DMF) A highly effective industrial solvent with a wide range of use.</p>	1	20.7%	Samsung Fine Chemicals Co., Ltd.
<p>Flame-Retardant ABS The flame-retardant ABS resin is used for a wide variety of applications including electrical and electronic parts, automotive built-in parts, toys, cameras and pipes.</p>	1	32.2%	Cheil Industries Inc.

Highlights of Awards & Rankings

Samsung Electronics Co., Ltd.

- IDEA Design Awards (24" TFT SyncMaster LCD TV monitor, Portable DVD Player DVD-L100, Family Doctor, Smart Cooker, SELFTEL & Mobile Printer System), *BusinessWeek* (Jul., 2002)
- No. 1 ranking in *BusinessWeek's* Info Tech 100 (Jun., 2002)
- "Best Companies in Korea" Awards (Best Managed Company; Company most committed to Corporate Governance; Best at Investor Relations; Strongest commitment to Shareholder Value; Best Financial Management), *FinanceAsia* (Mar., 2002)
- iF Design Awards (171/151P TFT LCD monitor, yepp YP-700H / YP-30S, Mobile phone Dream-G SGH-A500 / SPH-N2000) (Mar., 2002)
- No. 2 ranking in *BusinessWeek's* Top 200 Emerging Market Companies (2002)
- "Best Managed Company" in Korea, *Asiamoney* (Dec., 2001)
- No. 1 ranking in South Korea's leading companies, *Far Eastern Economic Review's* "Review 200" (2001)

Samsung SDI Co., Ltd.

- Transparent Accounting Award, Korea Accounting Association (Jun., 2002)
- No. 2 ranking in South Korea's leading B2B companies, *Far Eastern Economic Review's* "Review 200" (2001)
- No. 8 ranking in "Asia's Top 100 Electronics Companies", *Electronic Business Asia* (Sep., 2001)
- No. 8 ranking in South Korea's leading companies, *Far Eastern Economic Review's* "Review 200" (2001)
- e-Biz Presidential Award, Ministry of Commerce, Industry and Energy in Korea (2001)

Samsung Electro-Mechanics Co., Ltd.

- "Best Corporate Governance of the Year", Korea Stock Exchange (2001 - 2002)
- No. 7 ranking in "Asia's Top 100 Electronics Companies", *Electronic Business Asia* (Sep., 2001)

Samsung Corning Co., Ltd.

- Prime Minister's "Hibiscus Award" in Malaysia for exemplary commitment to the environment (2002)
- IR52 Jangyongsil Prize, Korea Industrial Technology Association (February 2000)

Highlights of Awards & Rankings

Samsung SDS Co., Ltd.

- Selected as one of "Top 4 IT service providers in the Asia-Pacific region" by Gartner Dataquest Inc. (Jan., 2002)
- CAD Solution WiseView named "Best Product", *Cadalyt, Cadence* (2002)
- Ranked 38th among "Top 500 IT Companies in the World", *Software Magazine* (2002)
- "Best Employer in South Korea", *Asian Wall Street Journal, Far Eastern Economic Review*, and Hewitt Associates (Sep., 2001)
- Chief Executive Officer Hong Ki Kim named among "Top 100 IT Leaders in the World", *Computerworld* (2001)

Samsung Heavy Industries Co., Ltd.

- Significant Ship of the Year Awards (2001)
 - NYK Lodestar (6,200 CONT) selected by Maritime Reporter, Marine Log, and Significant Ship
 - Prometheus (Minoan, Ropax Ferry) selected by Marine Log, and Significant Ship
 - Bertora (Bergshav, Shuttle) selected by Maritime Reporter, and Significant Ship.

Samsung Life Insurance Co., Ltd.

- No. 10 ranking in the Life / Health Insurance category, *Fortune's "Global 500"* (Jul, 2002)

Samsung Fire & Marine Insurance Co., Ltd.

- No. 6 ranking in South Korea's leading companies, *Far Eastern Economic Review's "Review 200"* (2001)
- No. 10 ranking in "Best Managed Companies in Korea", *FinanceAsia* (Mar., 2001)

Samsung Card Co., Ltd.

- "Best Card Corporation in the New Millennium", MasterCard (Nov., 2000)

Samsung Securities Co., Ltd.

- "Best Local Investment Bank" in Korea, *FinanceAsia* (2002)
- "Best Domestic Bond House" in Korea, *FinanceAsia* (2001)
- "Best Equity House" in Korea, *Euromoney* (1999 - 2001)

Samsung Capital Co., Ltd.

- President's Award, General Competition for Management and Productivity in Korea (Jul., 2001)
- "Best Structured Finance Deal in Asia", *Euromoney* (2001)

Highlights of Awards & Rankings

Samsung Corporation

- No. 8 ranking in Trading category, *Fortune's* "Global 500" (Jul., 2002)
- No. 4 ranking in South Korea's leading companies, *Far Eastern Economic Review's* "Review 200", (2001)
- Safety Gold Medals (1999 & 2000), Safety Silver Medal (2002), Singapore Land Transport Authority

Samsung Everland Inc.

- The Office Building of the Year ("TOBY") Award in the corporate facility category for the Samsung Life Insurance Headquarters Building in Seoul, managed by Samsung Everland Inc., Building Owners and Managers Association (BOMA) International (Jun., 2002)
- Named sixth largest theme park in the world, *Amusement Business Weekly* (2001)
- First Prize in the Theme Park category, Korean Customer Satisfaction Index (KCSI), Korea Management Association (1995 - 2000)
- Energy Winner Award, Energy Grand Prize, Korea Management Association (2000, 2001)

The Shilla Hotels and Resorts Co., Ltd.

- "Best Hotel in Seoul", *Euromoney* (2002)
- "Best Hotel in Seoul", *Asiamoney* (2002)
- "World's Best Hotels", *Institutional Investor* (2001)
- Only hotel in Korea named in "Gold List 2001", *Conde Nast Traveler* (2001)

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C O R P O R A T E C I T I Z E N S H I P

P R E S S I N F O R M A T I O N

S A M S U N G

Corporate Citizenship

Community Relations

Samsung takes its role as a "good corporate citizen" very seriously and stands firmly behind its commitment to making a lasting social contribution to the community. Through numerous initiatives, donations, sponsorships, and voluntary activities, Samsung honors its obligations to society in creating a better and more prosperous tomorrow for all.

Social Welfare Programs

The Samsung Welfare Foundation and Samsung's affiliates serve the community and help children and young adults develop into healthy, productive members of society through a wide variety of programs:

- Building and operating Samsung Childcare Centers, which offer quality education for children from low-income families in Korea.
- Establishing exclusive plants for the physically disabled, such as the Mukunghwa Electronics facility, an entire assembly plant constructed specifically for wheelchair-bound employees.
- Free eyesight Recovery operation for the visually impaired in cooperation with Siloam Eye Hospital.
- Establishing the Samsung Guide Dog school in an effort to help the visually impaired both in the workplace and in the community in general.
- "Pet as Therapy" program, where dogs are taken to local children's hospitals and convalescent homes on a weekly basis as a service to the community, and hearing dogs for the deaf.
- Search and Rescue Dog Center, dedicated to providing high quality search and rescue dogs to save lives in emergency situations in Korea and overseas.
- Support programs for elderly citizens, including operating Noble County, a state-of-the-art retirement community located in a suburban area of Seoul.
- The Hyo-Haeng Filial Piety Awards, created to revive the spirit of filial piety, which is considered one of the core values of the Korean family system. Since 1975, over 304 individuals have been honored by the Hyo-Haeng Awards, as a way of providing inspirational role models for the rest of the community.
- "Four Seasons of Hope", a US-based goodwill program that centers its efforts on raising awareness and funds for charities dedicated to benefiting children and endorsed or headed by world famous-athletes: golf's Arnold Palmer, football's Boomer Esiason, baseball's Joe Torre and basketball's Magic Johnson.

Since 1999, Samsung has donated 10 billion Korean Won in grants to the Community Chest in Korea to assist with social welfare programs.

Animal Welfare Programs

Samsung's philosophy is that the relationship between people and pets, especially dogs, makes for a better and less self-centered world. Samsung believes that in our new millennium of technology and fast-paced business environments, interaction with animals introduces a calmer, sensitive and more holistic dimension to our world.

Samsung runs a Pet Ownership Program, where Samsung employees can adopt lovingly reared dogs. Positive pet caring and handling are taught to families, and in doing so, contribute to creating a world that is less self-focused and cares more about animals in general.

All service dogs in Samsung's programs are cared for in their old age when they are no longer able to function in their field. Guide dogs, search and rescue dogs, therapy dogs and hearing dogs are all guaranteed safe and comfortable geriatric years either with volunteer families who wish to take care of them or at our centers where they can be monitored constantly.

Cultural and Arts Programs

Cultural and arts programs provide diverse support for the preservation and exhibition of Korean and other ethnic heritages. Samsung has contributed greatly to numerous museums, galleries and exhibits in Korea and around the world, including:

- The Ho-Am Art Museum, the largest privately owned museum in Korea, which began with the donation of over 1,200 Korean works of art collected by Mr. Byung-Chull Lee, the late founding chairman of Samsung.
- The Ho-Am Art Gallery, established in 1984 to introduce trends of Korean art alongside important trends in contemporary world art.
- The Rodin Gallery, the world's eighth museum devoted to the works of August Rodin.
- The Samsung Museum of Modern Art, whose mission is to collect, preserve and restore, research, and exhibit as well as to educate the public and society about modern and contemporary art from Korea and abroad.
- The Samsung Children's Museum, the first of its kind in Korea, which allows children to pursue fun and interesting explorations of the world they live in.
- The Samsung Gallery at the Victoria & Albert Museum in London.
- The Arts of Korea Gallery at the Metropolitan Museum of Art in New York.
- The Korean Gallery in Musee Guimet in Paris.
- The Hermitage Museum in St. Petersburg.
- The Bolshoi Theater in Moscow.
- "The World of Nam Jun Paik" exhibitions, co-organized by the Solomon R. Guggenheim Museum and the Samsung Museum of Modern Art

Samsung also sponsors talented young musicians of the International Sejong Soloists (ISS), a New York-based string ensemble created in 1995 under the musical direction of Hyo Kang, a renowned violin professor at the Juilliard School.

To develop children's creativity and promote artistic expression, Samsung's affiliates host and support various events such as the annual Bichumi Painting Festival, the Glass Modeling Academy and the Kenox Photo gallery.

Academic and Educational Programs

Samsung's academic and educational programs in Korea and around the world include direct assistance to universities, international exchange programs, support of Korean studies departments overseas, scholarships, donating computers to elementary schools and supplies to develop schools in third world countries.

Since 1990, Samsung's Ho-Am Foundation has been awarding the Ho-Am Prize, Korea's version of the Nobel Prize, which recognizes outstanding contributions to society or exceptional results in research in six areas that further the welfare of humanity.

In July 2002, the Samsung Kun-Hee Lee Scholarship Foundation was established to provide funds for young Koreans to study overseas in liberal arts, social studies, science and especially technology and engineering.

Environmental Preservation Programs

Environmental preservation programs exist at every Samsung operation around the world. In 1993, the Samsung Global Environment Research Center was established to study policies and strategies related to environmental issues. Today, Samsung is actively involved in ecological preservation through the development of environmentally friendly products and related technologies.

Samsung Electronics' Kiheung site and Samsung Petrochemical's Ulsan site were designated Korea's first "environmentally friendly companies" by the Korean government, assuming environmental responsibility for process improvement, toxic material replacement and pollutant minimization.

More recently, Samsung Corning in Malaysia received the Prime Minister's Hibiscus Award, the first private sector award that recognizes exemplary commitment by industries to the environment.

Volunteer efforts are also a core element of Samsung's commitment to a clean environment, as demonstrated by the employee "Adopt a River" and "Adopt a Mountain" clean-up campaigns. These efforts have spread to 450 companies and institutions in Korea, and

have also had a great impact overseas, including tropical forest preservation in Malaysia, the "One Company, One Park" program in China, and a beach-cleaning project in Mexico.

Samsung's affiliated companies also run painting contests and education programs for children to learn about the importance of environmental preservation.

Employee Volunteer Programs

Samsung employees are active in a wide spectrum of social improvement projects, from environmental cleanup and disaster relief to housekeeping help for the elderly and mentoring orphans and young parents. More than 50 percent of all Samsung employees worldwide are currently involved in volunteer programs, sharing their time and talent for worthy causes.

The Washington D.C. based Points of Light Foundation (POLF) has recognized these cumulative volunteer efforts. In 1998, POLF selected Samsung among all international corporations for its prestigious Award for Excellence in Corporate Community Service. In awarding Samsung this honor, POLF noted Samsung's achievements in establishing effective systems to support employee volunteer activities, to develop and maintain systematic volunteer programs, to leverage technological and human resources, and to serve local needs.

Intellectual Capital

Nurturing top-quality talent has been a proven strategy for the success of Samsung since the company was founded in 1938. To continue meeting the growing challenges of today's competitive marketplace at home and abroad, Samsung now, more than ever, needs people with the capacity to develop individually and as part of Samsung teams, those with a global perspective and sensibility, and those with an eye firmly on the future. As part of this strategy, there are over 2,000 employees at Samsung today who are qualified with Ph.D.s.

As the most sought-after employer among Korean college graduates and as a global leader that attracts top talent around the world, Samsung has a dual responsibility: to cultivate staff and to create a corporate culture in which they can thrive. Investing about US\$80 million a year to meet these objectives, the company emphasizes on quality, globalization, efficiency and competitiveness.

Samsung Human Resources Development Center (SHRDC)

SHRDC is the headquarters of Samsung's education and learning system. It consists of Changjo Gwan and Hoam Gwan in Yongin-City, and a learning center in Seoul. Ten other learning centers operated by Samsung affiliated companies are located throughout Korea and more recently, three learning centers were opened in China. SHRDC's mission is to serve as a value-sharing center as well as a knowledge-creating center to realize improve-

ments in performance. It offers various learning programs and globalization courses for new recruits, core and newly appointed leaders and senior corporate executives. About 22,000 trainees participate in courses each year and 230,000 enrolments in the center's on-line education programs have been recorded.

Learning is geared to each employee's specific needs and includes the following courses:

- Orientation for new recruits including new managers at all levels.
- Special courses for high potential managers and new executives.
- High potential developmental program for overseas Regional Specialists (2,200 enrolled to date).
- Domestic (Samsung KAIST) and overseas MBA programs (400 enrolled since 1995: 140 domestic, 260 overseas).
- Globalization courses to develop global leadership in overseas business.
- Cross-cultural and regional studies for expatriates and overseas employees.
- In-house intensive language courses, including Korean, English, Japanese, Chinese, Spanish, Portuguese, Vietnamese, Thai, Malaysian, Hungarian, French and German.
- Credu, which offers 300 online education courses.
- HRD Point and KMS, which offers various e-learning courses for Samsung employees around the world.

Employee Development Around the World

Globally, Samsung helps international units develop programs for their own needs, with both formal and extensive on-the-job training. Samsung offers more than 1,000 training programs around the world, including:

- The Technical Support Center for electronics training in Moscow
- A new training center for the Seremban Complex in Malaysia

Innovative Design Lab of Samsung (IDS)

IDS provides post-graduate design education for in-house Samsung designers. The objective of IDS is to nurture the talents of creative designers and to inspire the design spirit within Samsung companies as an integral part of the business strategy.

Samsung Art & Design Institute (SADI)

SADI was founded in cooperation with the internationally renowned Parsons School of Design. Through this affiliation with a school recognized as a leader in the design field, SADI seeks to cultivate innovative designers who will meet the demands and challenges in a competitive industry.

Samsung Fashion Institute (SFI)

SFI offers consulting for Samsung affiliated companies in the areas of fashion, design and marketing, and provides training for talented young designers.

Sports

Sports and Business Philosophy

Samsung believes that sports play a unique role in unifying people regardless of age, race, or gender. The group is a passionate supporter and active corporate sponsor of amateur and professional sporting events, training programs, teams, and individual athletes in Korea and around the world. In addition, employees, friends, and families are encouraged to challenge themselves and find inspiration through sports.

Samsung's extensive support of sports is based largely on Samsung Chairman Kun-Hee Lee's belief that sports promote cooperation among individuals, companies and nations. As an International Olympic Committee member and an ardent sports fan, Chairman Lee has made significant contributions to the world of sports by sponsoring various events around the globe.

Sporting initiatives have become a major focus of Samsung's marketing and communications strategies in the markets where we operate. Through sports sponsorship, Samsung has built strong brand awareness, as well as a reputation for excellence in corporate citizenship.

Global Sports Sponsorship

In 1997, Samsung became one of the International Olympic Committee's Worldwide Partners. Samsung has supplied approximately 58,000 units of wireless telecommunications equipment over three consecutive Olympic Games between 1998 and 2002 (the Nagano 1998 Olympic Winter Games, the Sydney 2000 Olympic Games and the Salt Lake 2002 Olympic Winter Games). During the 2002 Winter Games, 20,000 units were provided together with technical support in key areas. By supplying officials, athletes, staffs, volunteers and visitors with fast and reliable communications, Samsung contributes to the success of the Games and their ultimate mission - fostering unity among the global community. Samsung's current sponsorship for the Olympic Games includes the Athens 2004 Olympic Games.

Regional Sports Sponsorship

Samsung also sponsors sports on a regional level. As the Official Partner of the 1998 Bangkok Asian Games, Samsung supplied the Game's Organizing Committee with a total of 3,600 TVs, VCRs, refrigerators, washing machines, microwave ovens and air conditioners. During the Games, Samsung launched an aggressive advertising campaign in Korea and throughout Asia, which reached almost 60 percent of the world's population.

Samsung is also the Official Partner of the 2002 Busan Asian Games, providing audio/visual products, household appliances and wireless telecommunication equipments. In Busan, Samsung is the proud Presenting Partner for the Sacred Torch Relay event.

Samsung Nations Cup

Since 1997, Samsung has been the title sponsor of the Nations Cup, in co-operation with the International Equestrian Federation (FEI), the ruling body of the worldwide equestrian sport. Held annually in Europe and North America, the Samsung Nations Cup is one of the oldest and most prestigious equestrian competitions in the world.

Samsung World Championship

In 1995, Samsung became the official title sponsor of the Samsung World Championship (SWC) in women's golf. Touted to be the fifth major, the SWC is considered one of the most prestigious events on the Ladies Professional Golf Association (LPGA) tour. With its high qualification standards, the SWC invites only the top 20 women golfers from around the world. The elite 20-player field includes the defending champion, the winners of the four LPGA majors, the Vare Trophy winner of the previous year and the leading money winners on the tour. Remaining positions in the field are awarded to the leading international players from the European, Japanese and Korean tours.

Samsung Running Festivals

The Samsung Running Festival is a 5-kilometre "fun ran" held throughout the world every year. The event was initially organized in 1995 to commemorate the company's fifth anniversary of its operations in Hungary, and was so successful that it has become an annual event. Each year, the festival increases awareness of local and global issues and raises funds for important causes. The total number of participants in the event each year has now risen to approximately 300,000 across Central Europe, America, and Asia.

Samsung Teams

In Korea, Samsung is heavily supporting teams in numerous sports. Samsung now manages 17 different teams, including four professional and 13 amateur teams. These include wrestling, table tennis, badminton, basketball, baseball, soccer, rugby football, taekwondo, volleyball, and equestrian.

For more information about Samsung and sports, please visit: <http://www.samsung.com/sports>

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F A Q

PRESS INFORMATION

SAMSUNG

Frequently Asked Questions (FAQ) about Samsung

What is the definition of Samsung Group?

Samsung Group is used to describe the 27 independent affiliated companies as a whole but is not a legal organization such as a holding company. Headquartered in Korea, the group has 285 overseas operations in 67 countries and employs approximately 173,000 people worldwide. The three core business sectors within the group are electronics, finance, and trade and services. Samsung Electronics is one of Samsung's affiliated companies.

What is the management structure of Samsung?

Kun-Hee Lee is the chairman of Samsung Group. Samsung affiliated companies operate independently, but share the same overall management philosophy, code of conduct, brand and corporate identity. CEOs of each affiliated company have the authority and responsibility for autonomous decision-making on ordinary business issues.

What is the role of Chairman Lee?

Chairman Lee is responsible for determining Samsung's overall long-term vision, direction of strategy and large-scale investments. He presides regularly over the group's presidential board meetings. He is also CEO and Chairman of Samsung Electronics, one of the affiliated companies, and has identified and directed many of Samsung Electronics' most recent growth initiatives, such as the drive to achieve world leadership in DRAM technology and the diversification into digital consumer electronics.

What is Samsung's strategy for success?

In 1993, Chairman Lee presented a blueprint for Samsung's global success in the 21st century with his "New Management" philosophy, a declaration of strategic values that encompasses intellectual capital, organizational creativity, technological innovation and employee empowerment.

What are the principles of Chairman Lee's new management?

Chairman Lee was among the first business leaders to recognize that globalization requires a fundamental re-engineering of how corporations operate. His new management is based on the two dictums of quality management and change.

In pursuit of this new management, the mind-set of Samsung's management and employees has shifted from quantity to quality, through product upgrading, improved customer services and a corporate spirit that contributes to the well-being of society. One result of these quality initiatives has been a renewed focus on financial value instead of gross market share, resulting in record profitability.

Chairman Lee particularly advocates the concept of continual change - both at the personal and organizational levels. He is well known for his maxim: "Change everything except our wives and children." Ten years after embracing the principle of continual change, Samsung is highly regarded for its abilities to innovate, respond quickly to market needs,

and approach management challenges with flexibility and vigor.

What are Samsung's major achievements to date?

Samsung has a remarkable history featuring decades of notable achievements. From its modest beginnings in 1938 as a provincial "general store," Samsung has evolved into Korea's most profitable enterprise and a pioneer in global industries such as semiconductors, digital media, telecommunications, consumer goods, shipbuilding and heavy equipment. Samsung's brand value reached US\$8.31 billion in 2002 and was recognized by Interbrand Corporation as the fastest growing global brand.

Today, Samsung is the world leader in memory chips, LCDs, displays and CDMA hand-held phones. Most recently, Samsung received five design awards in the annual *BusinessWeek* IDEA Design Awards, recognizing the company's excellence in flat screen televisions, portable DVDs and other consumer electronics products.

In finance, Samsung Life Insurance is Korea's largest life insurer and also ranked 10th largest life insurance company in the world by *Fortune* magazine. Samsung Fire and Marine Insurance is a leader in the non-life insurance industry both in quantity and quality with the best distribution network, a sound financial structure, and impressive profitability. Samsung Securities was named Best Equity House in Korea for three years (1999 to 2001) by *Euromoney*, and also Best Bond House in Korea for 2001 by *FinanceAsia*. Samsung Capital is the largest credit finance company in Korea and has contributed to raising the overall credit rating of Korea.

What is Samsung's Human Resources strategy?

Samsung was founded on the statement: "A Company is Its People." This philosophy - that human resources are the key to success - has helped make Samsung a global leader today.

One of Samsung's human resources strategies is to recruit the highest-quality personnel from around the world, regardless of nationality. Recognizing that globalization of domestic human resources is as important as attracting high-quality personnel from overseas, Samsung is continuously strengthening the global competencies of core personnel.

Samsung is also making efforts to provide early career-development programs for individuals who have been identified as possessing noteworthy capability and talent in a range of

Samsung not only secures talented personnel but is also making constant efforts to further enhance their competence as well as to fairly compensate for their contribution. For instance, stock option, profit sharing and achievement incentive systems are in operation, and annual salary changes every year in accordance with their yearly performance.

As a result of this focus on human resources, what sort of orientation and training do Samsung employees receive?

All new employees attend a comprehensive one-month orientation / education program managed by the Human Resources Development Center. Through this program, new employees learn to understand the core values of the company, its management and strategic direction, and the unifying corporate vision that Samsung is pursuing worldwide.

Samsung is now a modern, international company competing on the global stage. How has Samsung managed to evolve as a world-class leader?

As a result of the 1997-1998 Asian financial crisis, Samsung embraced fundamental changes needed to re-position the company's competitive assets and to elevate its performance consistent with emerging global standards. The group successfully pursued organizational change, including the empowerment of "change agents" in key business units, tying financial compensation to performance instead of seniority, and benchmarking of key corporate functions against internationally recognized corporate leaders.

How has Samsung achieved successful restructuring?

Samsung's restructuring, which began with Chairman Lee's new management vision in 1993, accelerated in 1997-1998 during the Asian fiscal crisis. At that time, Samsung recognized that a "paradigm shift" was needed to re-focus the company's business objectives. Samsung's emphasis shifted from size, market share and the external appearance of industry leadership to recognizing the importance of profitability, shareholder value, and internal operating efficiencies measured against objective industry benchmarks.

Samsung has pursued restructuring in two directions. First, the company streamlined its business structure, shedding unprofitable or stagnant business units, and focusing instead on three core competencies (electronics, finance and trade & services). Second, the group improved its financial structure, including an aggressive debt reduction plan, elimination of internal cross payment guarantees, and establishing of new financial metrics that emphasize standalone profitability for each Global Business Unit. (As a result, Samsung has improved its debt-to-equity ratio dramatically from 148% in 1999 to 78% in 2001.)

In particular, Samsung Electronics has developed a long-term plan to increase financial transparency, adopting key aspects of Generally Accepted Accounting Principles (GAAP), and appointing seven non-Samsung executives as directors. The 14-member board is currently split half and half between Samsung executives and non-Samsung executives, ensuring both sufficient in-depth knowledge of the company's operations as well as significant outside perspective. Samsung Electronics also appointed the first non-Korean to its board, an unprecedented action on the part of a Korean company to achieve greater global perspective. Similarly, Samsung Electronics recently appointed its first non-Korean as an officer of the company.

Frequently Asked Questions (FAQ) about Samsung

Marking Samsung's progress and efforts in the field of corporate governance and "best management" practices is a series of prestigious awards including: Excellence in corporate governance, awarded Samsung by Institutional Shareholder Services (ISS) in 2001; "Best IR by a Korean Company" from *Investor Relations Magazine's* Asia Awards 2001; and the following top rankings from *Finance Asia's* "Asia's Best Companies 2002 - Korea": Company Most Committed to Corporate Governance, Best at IR, Best Managed Company, Strongest Commitment to Shareholder Value and Best Financial Management.

Samsung continues to focus on enhancing management efficiency and promoting leadership in key growth industries globally. Recently, the company abandoned its longstanding practice of promoting employees based primarily on seniority, and has advanced hundreds of younger managers into senior management positions. The company actively recruits non-resident Koreans who have studied and worked overseas, in Europe and the US, to build a more global corporate culture.

What is Samsung's relationship and business plan with North Korea?

Samsung supports a policy of constructive engagement with North Korea, and plays a role in ongoing efforts by the Republic of Korea (South Korea) to engage North Korea in joint economic development. In recent years, the Group has been strengthening its activities in the North, aiming at promote consigned production of home appliances, joint-development of software and publicizing the Samsung brand name.

For example, Cheil Industries has been producing garments worth between US\$15 million and US\$20 million each year since 1992. In 2000, Samsung Electronics began the mass-production of color TVs, cassette recorders and telephones in the North. It also established the Software Joint Development Center in Beijing, China with North Korea's Chosun Computer Center, the first economic cooperative project between North and South Korea in another country.

Furthermore, Samsung executives have taken part in long-range economic studies that assess improved transportation links between the two countries as well as construction of factories to access skilled North Korean labor. In 1998, Samsung proposed the development of an industrial complex in Haeju or Nampo and plans to invest US\$500 million over ten years to manufacture electronic products and spare parts.

Like all South Korean corporate leaders, Samsung works toward the time when both countries will collaborate to advance shared economic, political and social interests.

OTHERS

PRESS INFORMATION

SAMSUNG

Media Highlights

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