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The Samsung Electronics Value Enhancement Proposals

October 5, 2016

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Executive Summary

EXECUTIVE SUMMARY

Samsung Electronics is a leading global technology company which has failed for years to deliver proper shareholder value

- Samsung Electronics has a first-class portfolio of technology businesses which has made it Korea's flagship enterprise
- Despite its impressive business achievements, Samsung Electronics' ordinary shares typically trade at steep valuation discounts (approximately 30% to 70%) when compared to the Company's closest peers
- These valuation discounts are in our view symptomatic of a combination of value-sapping factors, including:
 - *an unnecessarily complex Samsung group structure and ongoing uncertainty around a possible restructuring;*
 - *sub-optimal capital management and bottom-tier shareholder returns;*
 - *the lack of an effective international equity listing for Samsung Electronics' core operating businesses; and*
 - *subpar corporate governance within the Samsung group*

EXECUTIVE SUMMARY contd.

A unique opportunity - the Samsung Electronics Value Enhancement Proposals

- The Samsung Electronics Value Enhancement Proposals are a package of measures designed to address those factors:
 - ✓ **Taking action to unlock the value of Samsung Electronics' treasury shareholding as part of a streamlining of the Samsung group structure**
 - *The streamlining would include:*
 - a demerger of Samsung Electronics into a listed holding company (Samsung Holdco) and a listed operating company (Samsung Opco);
 - a tender offer by Samsung Holdco to acquire further Samsung Opco shares; and
 - a merger of Samsung Holdco with Samsung C&T (KRX stock code 028260:KS) on fair terms
 - *This would benefit all stakeholders by creating a transparent and easy-to-value organizational structure, retaining the Lee family's controlling interest*
 - ✓ **Optimizing Samsung Opco's capital management and dividend policies, to bring its balance sheet and shareholder returns up to international corporate standards**
 - *A one-time cash dividend payment by Samsung Opco of KRW30tn or KRW245,000 per share, representing 15% of Samsung Electronics' share price of KRW1,614,000 as of October 4, 2016*
 - *An ongoing commitment to return 75% of Samsung Opco's free cash flow to its shareholders*
 - ✓ **Enhancing investor access**
 - *A Samsung commitment to achieve a NASDAQ listing for Samsung Opco (in addition to a KRX listing)*
 - ✓ **Improving corporate governance**
 - *Adopting key board improvements and governance policies at Samsung Holdco and Samsung Opco*
- We see this as a tremendous opportunity to deliver real shareholder value, corporate governance and transparency improvements, to help Samsung Electronics achieve an equity market valuation that properly reflects its first-class portfolio of businesses

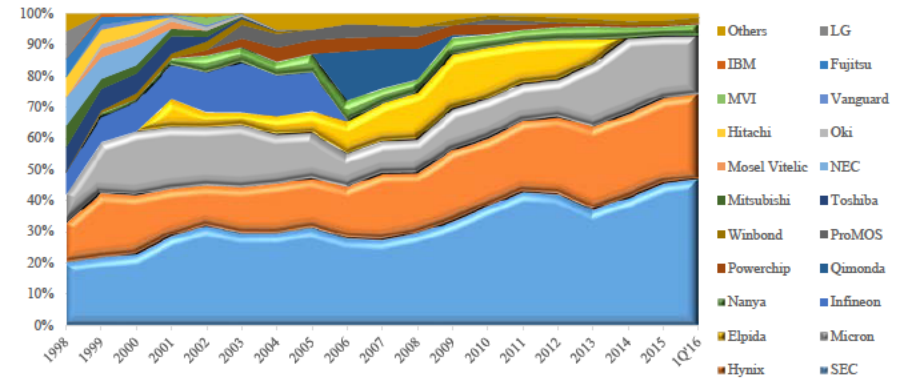
1. Samsung Electronics offers a compelling investment case

SAMSUNG ELECTRONICS - THE WORLD'S LARGEST AND MOST PROFITABLE MEMORY CHIP MANUFACTURER

DRAM (Dynamic Random Access Memory) memory chips

- Samsung Electronics is and has been the #1 DRAM manufacturer globally for over 20 years and has amassed a market share of nearly 50% by revenue
- Samsung Electronics' cost leadership and superior margins are testament to its ability to execute and migrate geometry more quickly than its competitors
- Samsung Electronics yet again demonstrated its dominance in DRAM memory chip technology by achieving mass production of 18nm-class DRAM in 3Q 2016, at least 9 to 12 months ahead of its peers

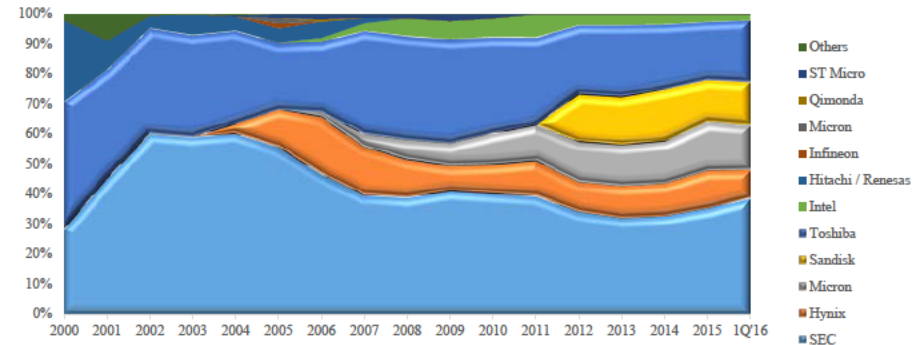
DRAM market share¹



NAND (flash memory) memory chips

- Samsung Electronics is the #1 NAND manufacturer globally with nearly 40% of the market share by revenue
- Samsung Electronics is the pioneer in 3D NAND technology in commercial production with formidable scale and resulting cost advantages as compared to competitors
- Thanks to its technological lead in 3D NAND, Samsung Electronics has achieved market share leadership in the enterprise SSD (Solid State Drive) market

NAND market share¹

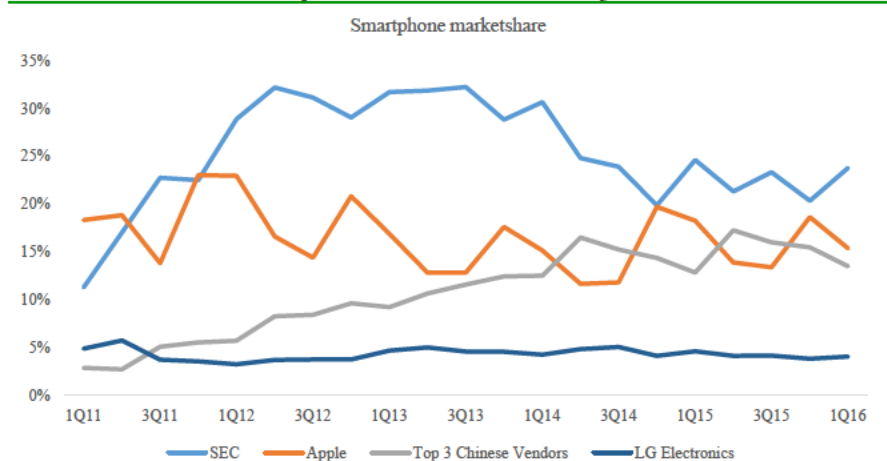


Source: IDC Research, Inc. ("IDC").
Notes: 1. Market share by US\$ revenue.

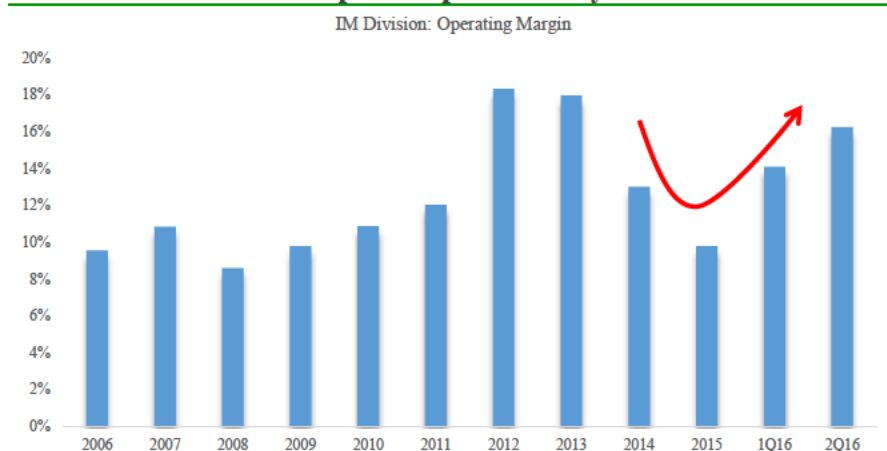
SAMSUNG ELECTRONICS - THE LARGEST SMARTPHONE VENDOR WITH SUSTAINED LEADERSHIP ACROSS ALL PRICE TIERS

- Samsung Electronics' hardware innovation and form factor (e.g. curved AMOLED display screens and wireless fast charging) has led to a real competitive edge in the premium smartphone market
- Despite the recent unfortunate events associated with GN7 batteries, Samsung Electronics is well-positioned in terms of market share and profitability in the smartphone market
- Through its emphasis on economies of scale and vertical integration, Samsung Electronics has been able to remain cost competitive in the mid-to-low end smartphone market despite increasing competition
- A full product portfolio across all price tiers has enabled Samsung Electronics to successfully defend overall market leadership with improving profitability
- Samsung Electronics has also developed strong distribution capabilities supported by extensive retailer coverage and one of the most comprehensive sets of content service provider relationships globally
- Expansion in selective mobile services, such as Samsung Pay and security (KNOX), will likely further differentiate Samsung Electronics' product offerings and help maintain its leadership on the Android operating system platform

Smartphone market share by units



Improved profitability



Source: Company filings, IDC.

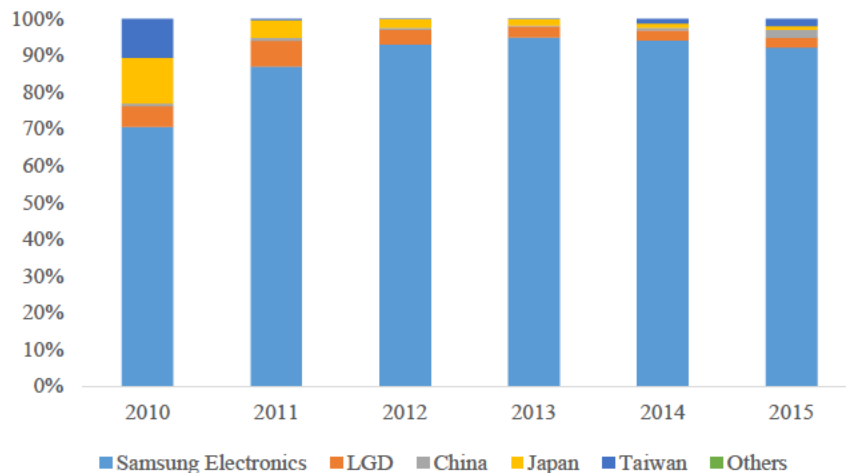
SAMSUNG ELECTRONICS – PROVIDER OF LEADING INNOVATIVE DISPLAY AND CONSUMER ELECTRONICS SOLUTIONS

Display

- Samsung Electronics continues to offer product differentiation in display through superior AMOLED panel technology
- Samsung Electronics has achieved a dominant market position (90%+ market share) in the mobile AMOLED panel industry
- Samsung Electronics continues to focus on large and premium high-end monitor applications for the more saturated TFT-LCD market

Undisputed technological leadership in display

Global <6G AMOLED Market Share



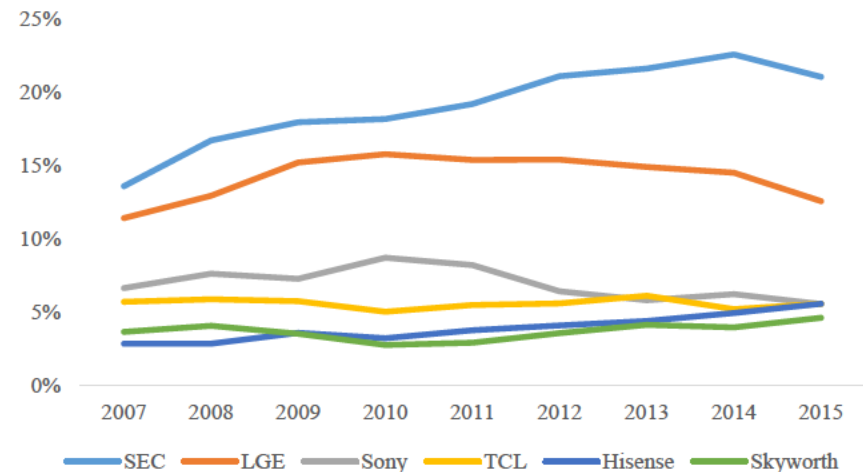
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Consumer Electronics

- Samsung Electronics has achieved an outstanding long-term growth profile in its consumer electronics segment by leveraging off Samsung's leading global brand image
- Samsung Electronics reached the no. 1 position in the North American home appliances market for the first time in 4Q'15, adding to its decade-long leadership in TV sales globally
- Samsung Electronics is well positioned to capture the next stage of growth in the Internet of Things, given its multiple open platforms (such as Artik and SmartThings) and partnerships

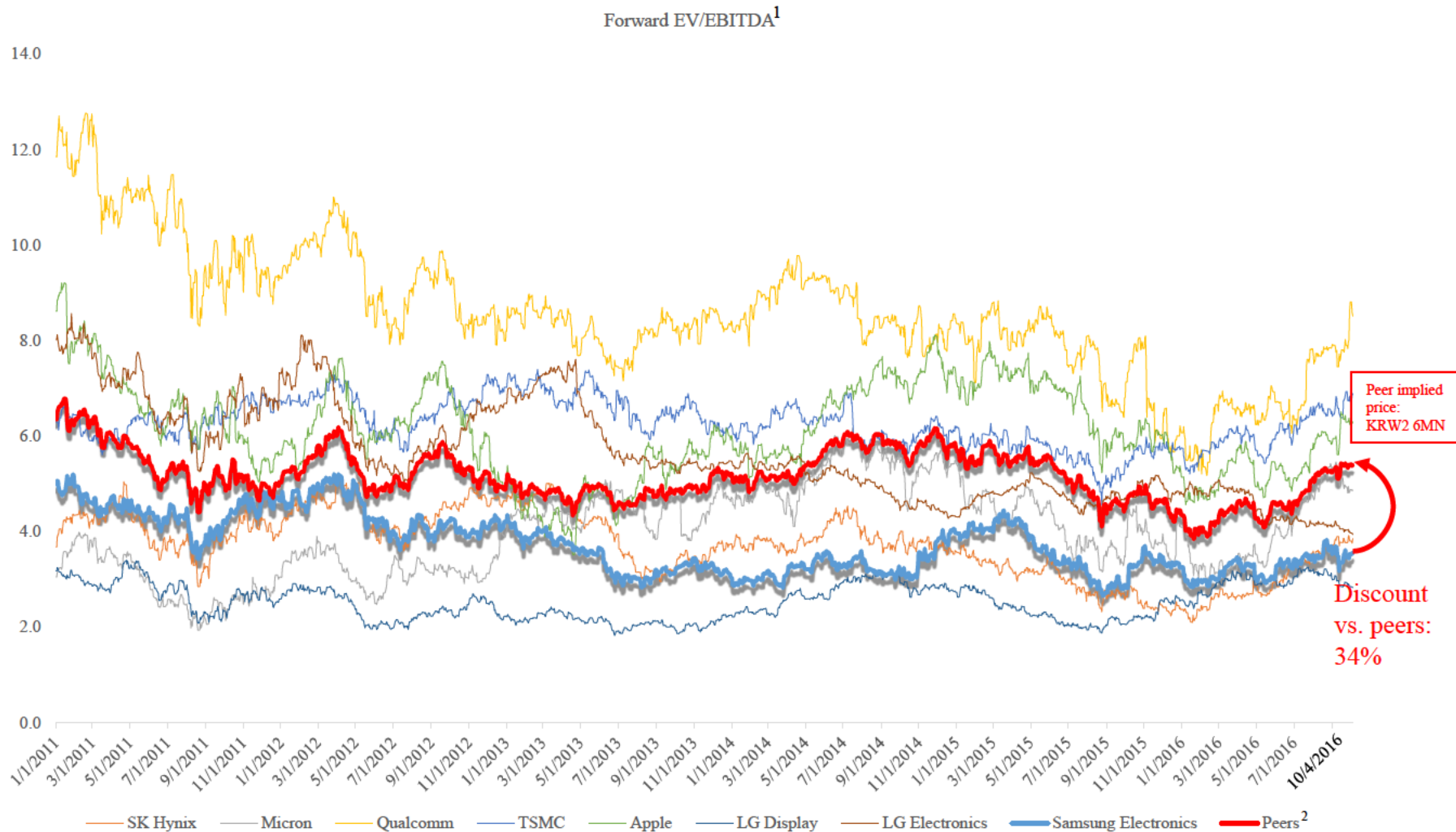
#1 market share in televisions since 2006

Global TV Market Share by Shipments



2. Samsung Electronics' shareholders have long suffered significant undervaluation of the business by the equity market

SAMSUNG ELECTRONICS TRADES AT A CONSISTENT AND SIGNIFICANT DISCOUNT TO ITS PEERS BY ANY MEASURE...

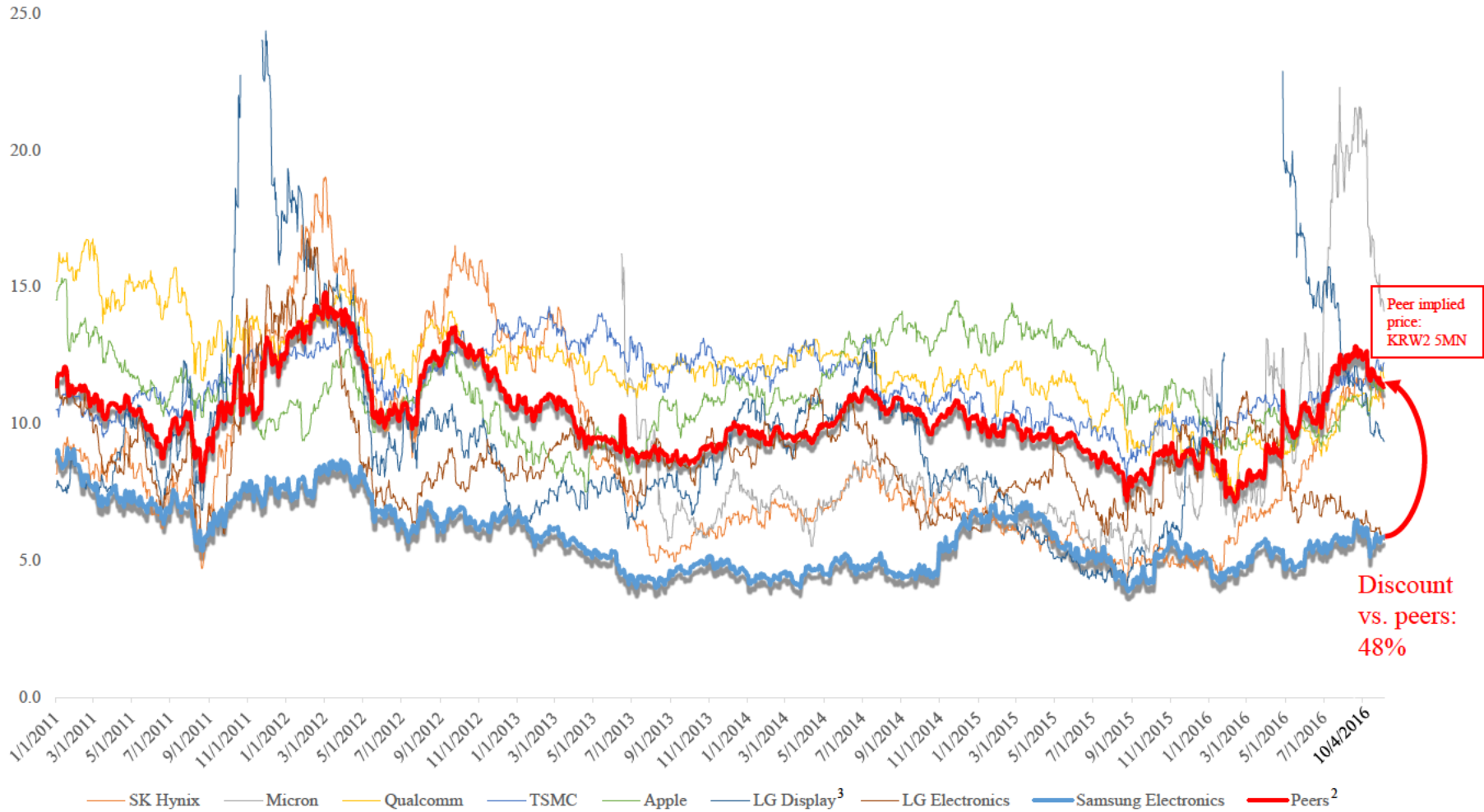


Notes:

1. Forward EBITDA based on brokers' estimates.
2. Peers basket weighted based on Samsung Electronics' 2015 operating profit contribution by operating segment. Operating segments include semiconductor, IM, display and consumer electronics.

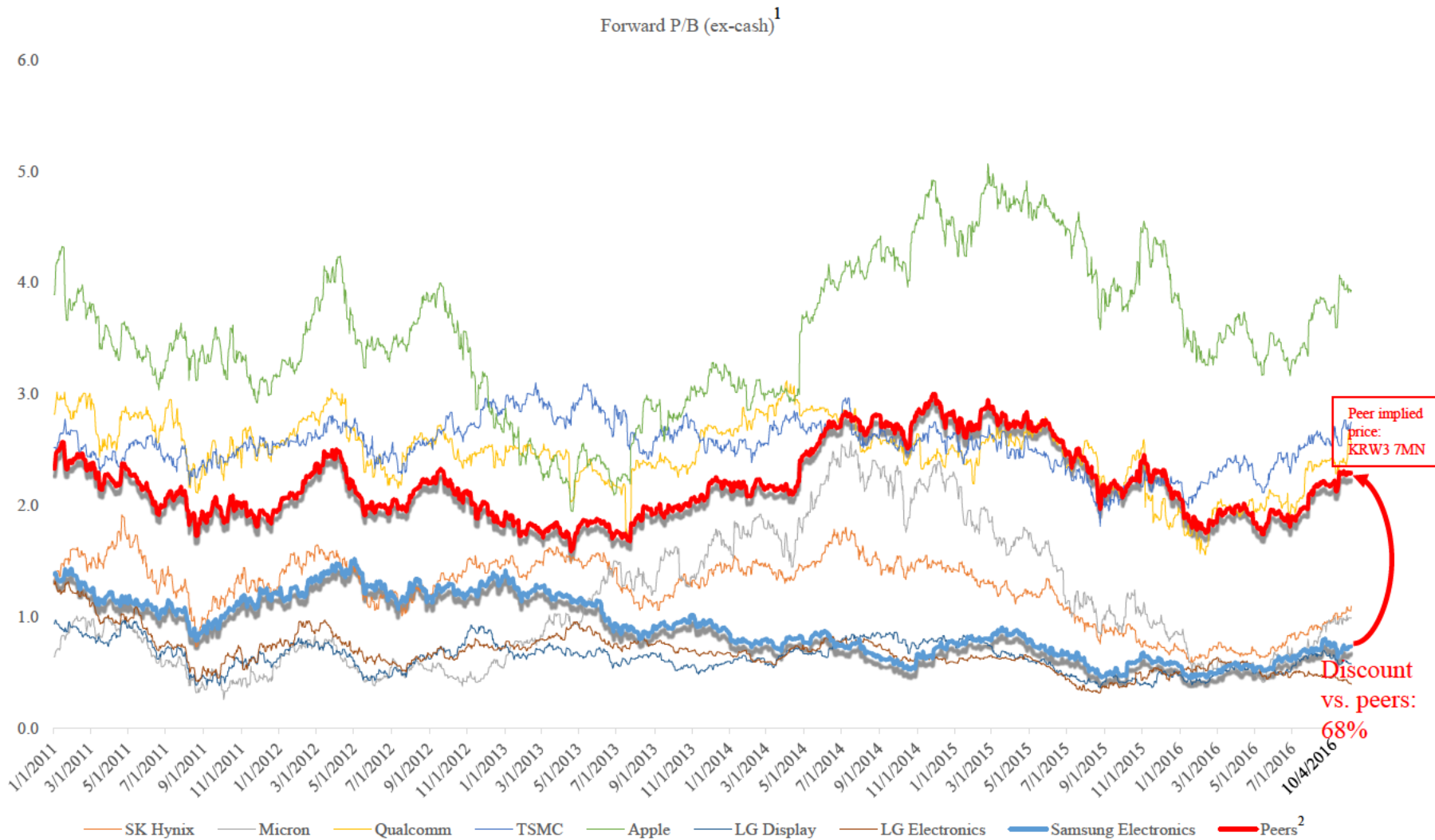
...INCLUDING PRICE-TO-EARNINGS

Forward P/E (ex-cash)¹



Notes: 1. Forward earnings based on brokers' estimates. Market cap post deduction of cash and cash equivalents, short-term financial instruments and short-term marketable securities.
 2. Peers basket weighted based on Samsung Electronics' 2015 operating profit contribution by operating segment. Operating segments include semiconductor, IM, display and consumer electronics.
 3. Excludes forward price to earnings above 25x for LG Display.

...AND PRICE-TO-BOOK

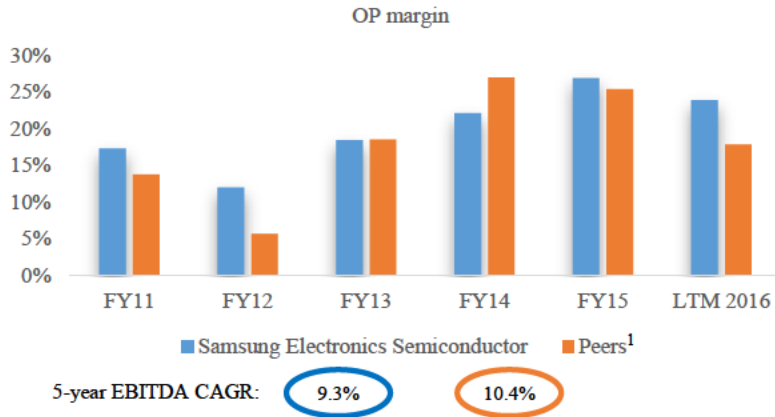


Notes: 1. Forward book value based on brokers' estimates. Market cap post deduction of cash and cash equivalents, short-term financial instruments and short-term marketable securities.
 2. Peers basket weighted based on Samsung Electronics' 2015 operating profit contribution by operating segment. Operating segments include semiconductor, IM, display and consumer electronics.

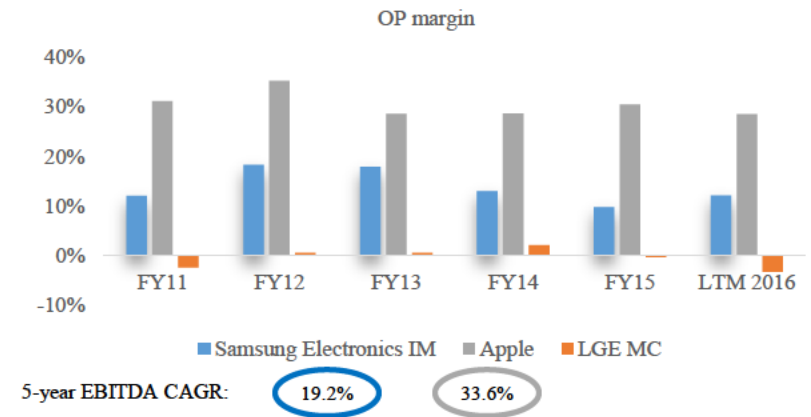
SAMSUNG ELECTRONICS' VALUATION DISCOUNT PERSISTS DESPITE ITS STRONG MARGIN PROFILE

- Samsung Electronics has outclassed its peers in terms of profitability for the semiconductor, display and consumer electronics segments and has made significant headway in improving the profitability of its mobile division in the two most recently reported quarters

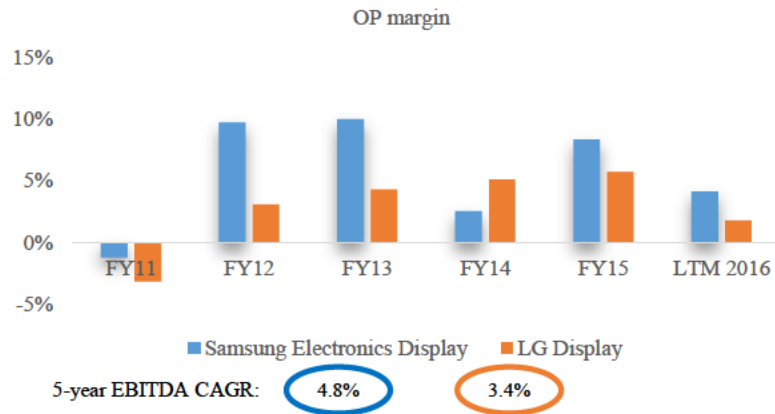
Superior margins in semiconductor



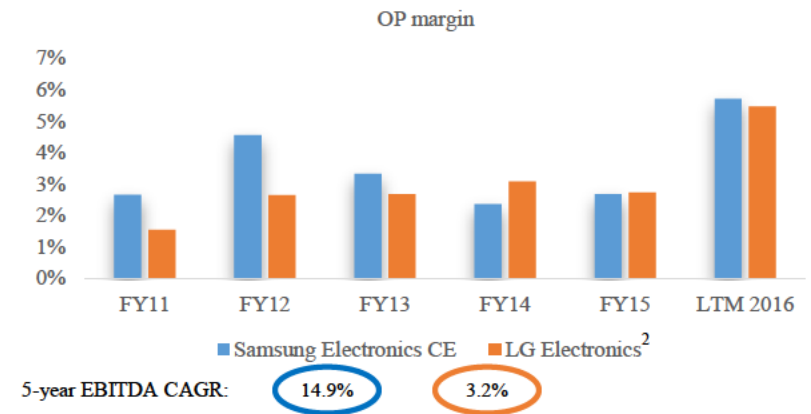
Improving profitability in mobile



Consistent outperformance in display



and consumer electronics



Source: Company filings and LTM data based on most recent reported quarter June 30, 2016 for Samsung Electronics, SK Hynix, LG Display, LG Electronics and Taiwan Semiconductor Manufacturing Company Limited ("TSMC"); June 2, 2016 for Micron; June 26, 2016 for Qualcomm; and June 25, 2016 for Apple.

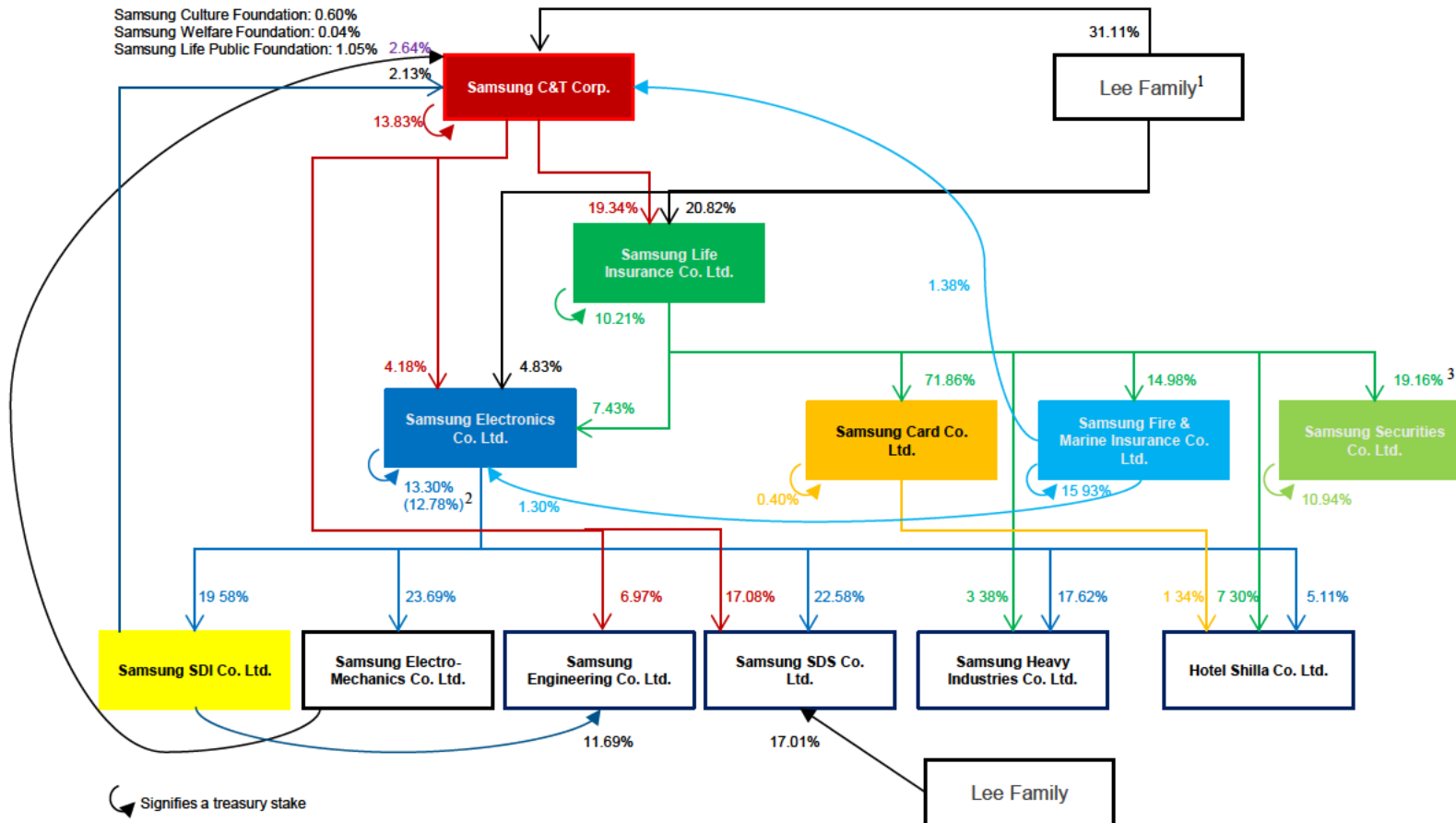
Notes: 1. Semiconductor peers include SK Hynix, Micron, Qualcomm and TSMC in memory and system LSI segments.

2. Excludes LG Innotek and LG Electronics' MC (mobile communications) division.

3. We view Samsung Electronics' chronic undervaluation as symptomatic of a combination of value-sapping factors

1. SAMSUNG GROUP STRUCTURE IS UNNECESSARILY COMPLEX AND SUBJECT TO THE UNCERTAINTIES OF A POSSIBLE RESTRUCTURING

- The Samsung group ownership structure is complicated by legacy treasury, circular and cross-shareholdings which create a significant drag on shareholder value
- The Lee family's relatively small direct shareholding in Samsung Electronics and the uncertainties around a possible restructuring of the Samsung group have also weighed down Samsung Electronics' share price



Source: Company filings as of June 30, 2016.

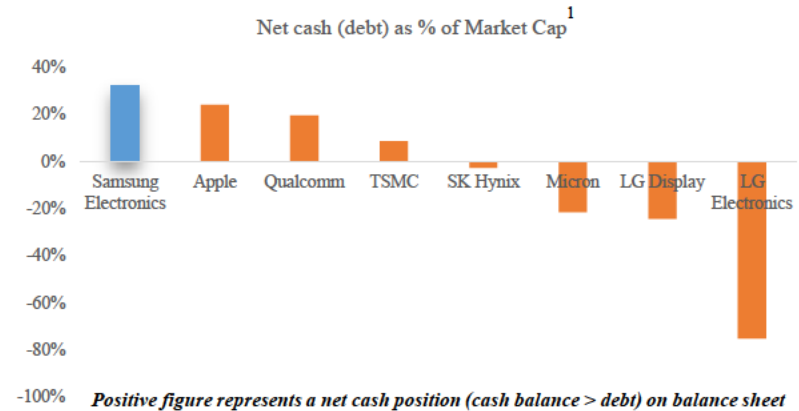
- Notes:
1. Lee Family shareholdings include shareholdings held by Kun Hee Lee, Ra Hee Hong, Jae Yong Lee, Boo Jin Lee and Seo Hyun Lee.
 2. Remaining treasury stake, assuming all treasury shares acquired in this financial year up to and including in 3Q 2016 are cancelled.
 3. Pro forma for 8.02% stake in Samsung Securities held by Samsung Fire & Marine as announced by Samsung Life on August 18, 2016.

2. SUB-OPTIMAL CAPITAL MANAGEMENT AT SAMSUNG ELECTRONICS

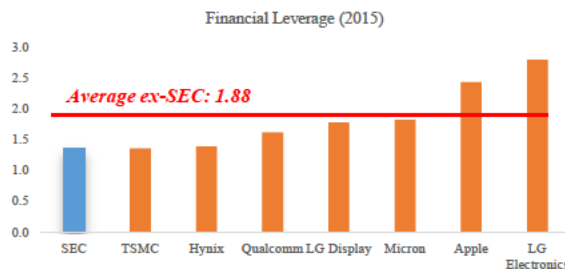
Sub-optimal capital management

- Samsung Electronics is unnecessarily overcapitalized with KRW77tn of cash and near cash items on its balance sheet, representing c. KRW540,000 per share or 32% of total assets
- Although management has recently taken certain initial steps to improve capital efficiency via share buybacks², Samsung Electronics' substantial and excess net cash position comes at a very real and tangible cost to shareholders and is both unjustifiable and unusual amongst its peers
- Whilst the existing Samsung Electronics' treasury shareholding remains uncanceled, it will remain a significant drag on shareholder value³
- Balance sheet inefficiencies resulting from the excess cash position and the continued existence of the treasury shareholding have weighed down Samsung Electronics' returns on equity, which have persistently been one of the lowest in the sector

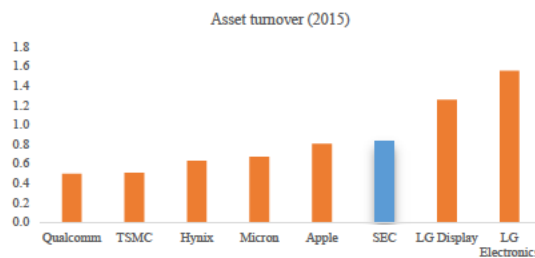
Net cash position is highest among peers



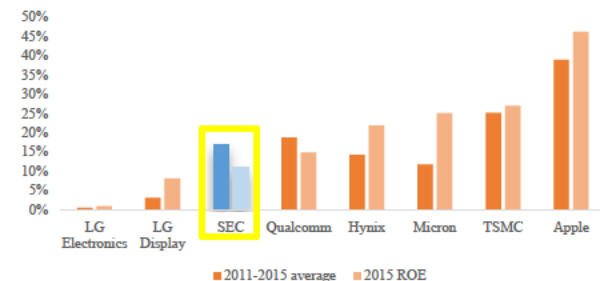
Samsung Electronics' balance sheet is inefficient



and while asset turnover is relatively high



the resulting ROE profile is unimpressive despite strong margins



Source: Company filings.

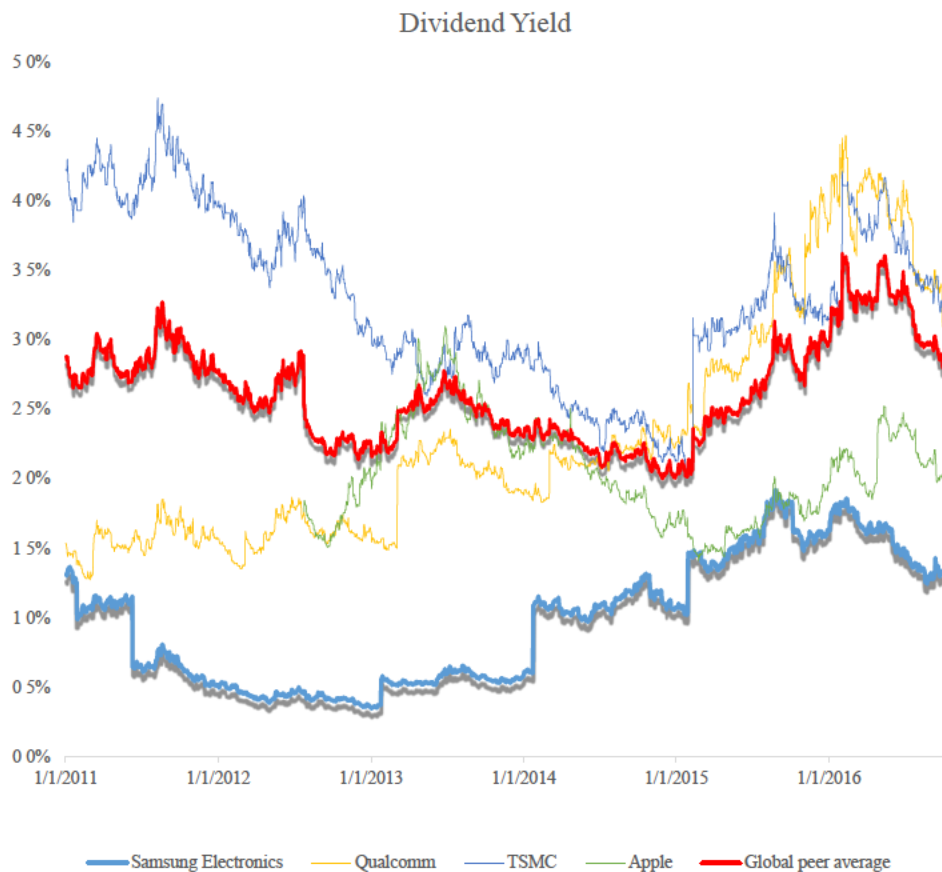
Notes: 1. Net debt (short-term and long-term borrowings – cash and cash equivalents – short-term financial instruments – marketable securities) as of most recent reported quarter June 30, 2016 for Samsung Electronics, SK Hynix, LG Display, LG Electronics and TSMC; June 2, 2016 for Micron; June 26, 2016 for Qualcomm; and June 25, 2016 for Apple. Market capitalization as of October 4, 2016.

2. Samsung Electronics announced a one-time shareholder returns initiative of share buybacks and cancellation of KRW11.3TN, and a three-year shareholder return policy of 30 to 50% of free cash flows on October 29, 2015.

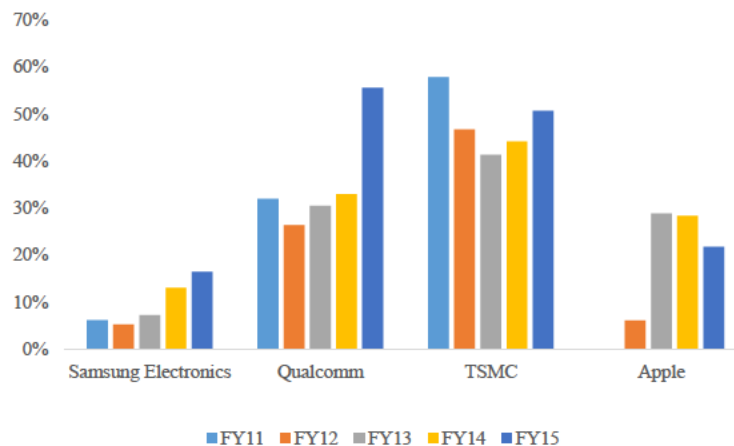
3. The value of the 19,010,776 ordinary treasury shares as stated in the June 30, 2016 Samsung Electronics interim accounts (1,083,090 of which treasury shares were repurchased under the recent buyback program and are to be cancelled) was KRW10,251 billion. The market value of 19,010,776 Samsung Electronics shares as at October 4, 2016 was KRW30,683 billion – a difference of KRW20,432 billion (approx. US\$18 billion).

...AND BOTTOM-TIER SHAREHOLDER RETURNS

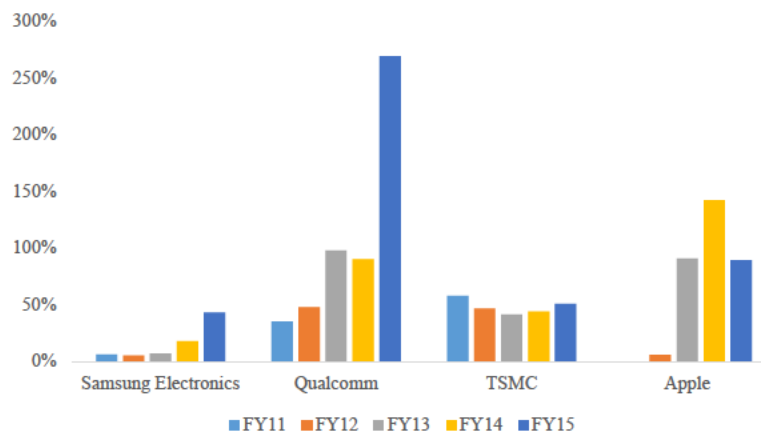
■ Samsung Electronics has a sub-optimal track record when it comes to capital returns, which fall well short of some of its global peers



One of the lowest dividend payout ratios



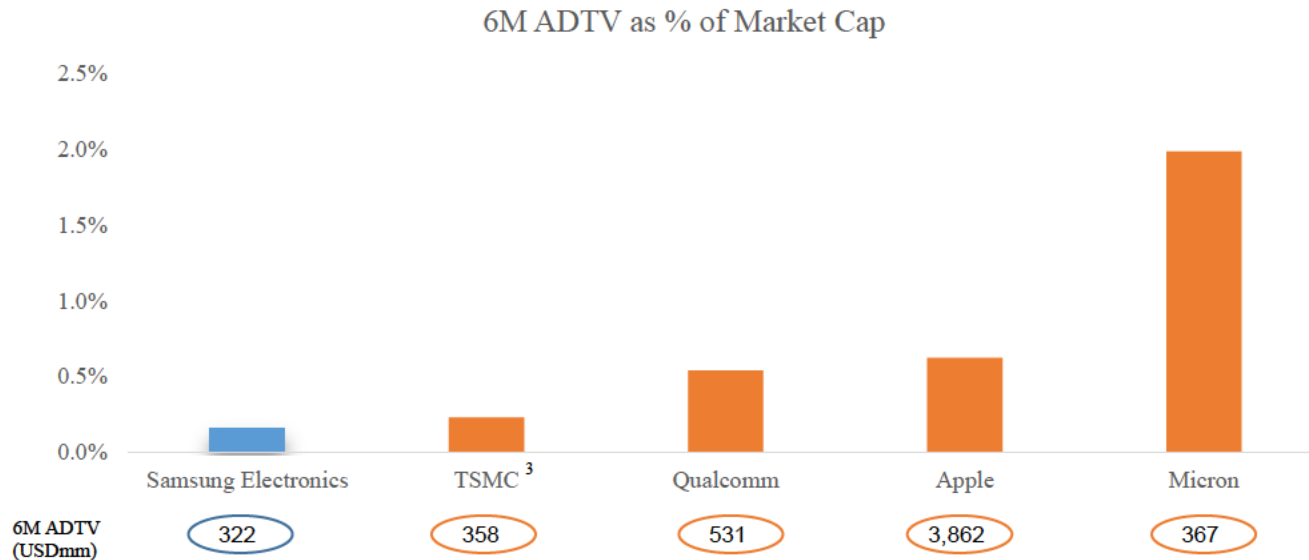
...even after including share buybacks



Source: Company filings, market data.

3. SAMSUNG ELECTRONICS LACKS AN EFFECTIVE INTERNATIONAL EQUITY LISTING FOR ITS CORE OPERATING BUSINESSES

- Samsung Electronics currently lacks an effective international equity listing¹ (over and above its KRX listing) for its core operating businesses, despite the impressive scale and global reach of those businesses
- Only c. US\$300 million per day of Samsung Electronics equity is traded on average despite its market capitalization of c. US\$200 billion
- Micron, despite being less than 10% of Samsung Electronics' size in terms of market capitalization, provides more liquidity to investors in absolute terms
- A US listing has provided an additional US\$200 million of daily volume to Taiwan Semiconductor Manufacturing Company Limited's shareholders in addition to other tangible benefits such as US-style corporate governance standards²



Source: Company filings.

- Notes:
1. Samsung has a GDR listing on the London Stock Exchange, in respect of which listing there is only approximately US\$20 million to US\$30 million of trading per day.
 2. Taiwan Semiconductor Manufacturing Company Limited ("TSMC") is listed on the NYSE and is required to comply with, inter alia, the NYSE listing rules and certain corporate governance principles established under the Sarbanes-Oxley Act of 2002.
 3. Includes TSMC's ADR listing.

4. SAMSUNG ELECTRONICS' CORPORATE GOVERNANCE STANDARDS LAG ITS INTERNATIONAL PEERS

- We believe Samsung Electronics' stakeholders would benefit greatly from corporate governance improvements, including, as a starting point, a board structure in line with Samsung Electronics' standing as a leading international business, and a commitment to comply with all applicable best-in-class Korean corporate governance standards
- The recently introduced change to Samsung Electronics' articles to permit a director other than the representative director to serve as the chairman of the board appears to us to be just a token nod in the direction of Samsung Electronics' stated objective of "*laying the foundation for building a proper governance system that is in keeping with our status as a leading company*" (Samsung Electronics' 2016 AGM proxy materials)
- Samsung Electronics lags far behind its global peers in terms of board composition - as regards independence, the relevant experience of current board members and diversity:

	Ratio of executive to non-executive directors	Multinational experience	Diversity of non-executive director backgrounds / sector experience	Gender diversity on board
Samsung Electronics	4 : 5	All-Korean board with limited experience outside of Korea	NEDs lack tech experience and have very limited public company experience	No
TSMC	3 : 5	Diverse with American, British and Taiwanese backgrounds	Multiple non-executive board members have extensive experience in tech or related sectors	Yes
Micron	1 : 6	Mostly American board members with diverse and multinational backgrounds	Most non-executive board members have substantial backgrounds in the semiconductor space	Yes
Qualcomm	2 : 9	Diverse with American, Indian and Spanish backgrounds	Diverse corporate backgrounds	Yes
Apple	1 : 7	Mostly American board members with diverse and multinational backgrounds	Diverse corporate backgrounds	Yes

Source: Company filings.

4. The Samsung Electronics Value Enhancement Proposals

1. REORGANIZE THE SAMSUNG GROUP IN A FAIR AND TRANSPARENT MANNER

Taking action to unlock the value of Samsung Electronics' treasury shareholding¹ as part of a streamlining of the Samsung group structure – this would benefit all stakeholders by creating a transparent and easy-to-value organizational structure, retaining the Lee family's controlling interest

- We outline below and on slides 28 to 31 in the Appendix the key steps by which the reorganization aspects of the Samsung Electronics Value Enhancement Proposals could be implemented:
 - ① **Demerger of Samsung Electronics into a listed holding company (Samsung Holdco) and a separately listed operating company (Samsung Opco) – helping to unlock the value of the treasury shares¹, as they become (i) Samsung Holdco's holding in Samsung Opco upon demerger; and (ii) Samsung Holdco treasury shares, which can be utilized as consideration in the next step – the tender offer**
 - ② **Tender offer by Samsung Holdco for Samsung Opco shares in exchange for Samsung Holdco treasury shares, which would be intended to increase Samsung Holdco's stake in Samsung Opco**
 - ③ **Merger between Samsung C&T and Samsung Holdco on fair terms, to form a combined and enlarged Samsung Holdco**
 - *Merger would create a holding company with aggregated holdings in two key Samsung affiliates: Samsung Opco and Samsung Life*
 - *Samsung Holdco's stake in Samsung Opco would meaningfully increase to above 17.0%²*
- Absent an unlocking of the value of Samsung Electronics' treasury shareholding as part of the group streamlining that we are proposing, the recent policy of cancelling repurchased Samsung Electronics shares should also be applied to the entire currently uncanceled treasury shareholding, so that it is no longer a significant drag on shareholder value

Notes:

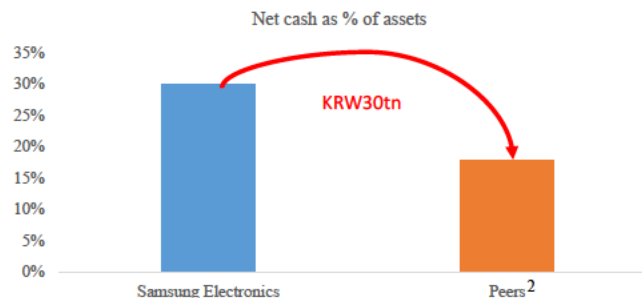
1. The value of the 19,010,776 ordinary treasury shares as stated in the June 30, 2016 Samsung Electronics interim accounts (1,083,090 of which treasury shares were repurchased under the recent buyback program and are to be cancelled) was KRW10,251 billion. The market value of 19,010,776 Samsung Electronics shares as at October 4, 2016 was KRW30,683 billion – a difference of KRW20,432 billion (approx. US\$18 billion).
2. After the merger of Samsung Holdco and Samsung C&T the combined shareholding of the merged entity in Samsung Opco would be 17.0% (before taking into account any increase in that shareholding which could result from the pre-merger tender offer by Samsung Holdco for shares in Samsung Opco). Any increase in Samsung Holdco's shareholding in Samsung Opco from the tender offer would primarily depend on the terms and level of acceptance of the tender offer.

2. OPTIMIZE SAMSUNG OPCO'S CAPITAL MANAGEMENT AND DIVIDEND POLICIES

- We believe the following two Samsung Opco capital management and dividend policy measures are necessary to bring its shareholder returns in line with its peers:

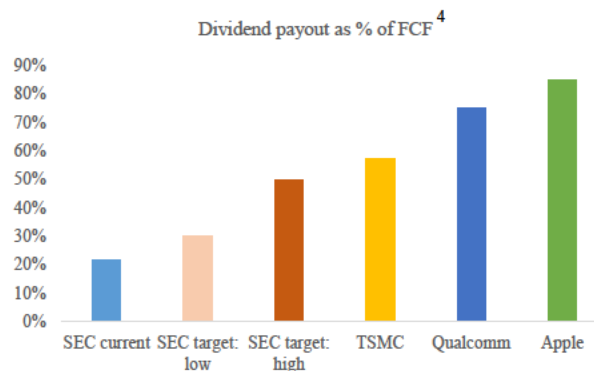
① **A one-time dividend payment of KRW30tn or KRW245,000 per share¹, representing 15% of Samsung Electronics' share price of KRW1,614,000 as of October 4, 2016**

- Such a one-time special dividend of KRW30tn would bring Samsung Opco's excess cash position down to a more reasonable level, in line with peers
- Samsung Opco would still hold nearly KRW50tn of cash on its balance sheet, allowing it to retain financial flexibility for major investments and capital expenditure going forward



② **An ongoing commitment to return 75% of Samsung Opco's free cash flow to shareholders**

- Samsung Electronics has yet to deliver on its promise to return 30% to 50% of its free cash flow³ to shareholders, with its current payout level at around 20% of 2015 free cash flow
- Samsung Electronics' targeted payout range is insubstantial in comparison with global peers
- Commitment to return 75% of free cash flow would be a minimum requirement to improve Samsung Electronics' dividend policy so as to be in line with global standards



Source: Company filings.

Notes: 1. Based on Samsung Opco having 122.70 million shares outstanding (being the same number of issued ordinary shares as Samsung Electronics has, excluding the ordinary treasury shares which Samsung Electronics will have after cancelling all of the ordinary shares it has repurchased in the current financial year).

2. Net debt (short-term and long-term borrowings – cash and cash equivalents – short-term financial instruments – marketable securities) as of most recent reported quarter: June 30, 2016 for Samsung Electronics and TSMC; March 31, 2016 for SK Hynix, LG Display, and LG Electronics; June 2, 2016 for Micron; June 26, 2016 for Qualcomm; and June 25, 2016 for Apple.

3. As announced on October 29, 2015.

4. Based on TSMC's 2015 payout, Qualcomm's minimum payout target of 75% of free cash flow as announced on March 9, 2015 and estimated payout based on Apple's targeted total capital return of US\$250 billion by March 2018.

3. ACHIEVE A NASDAQ LISTING FOR SAMSUNG OPCO

Samsung Opco and all of its stakeholders would benefit from a NASDAQ listing

- We believe that a NASDAQ listing would provide substantial benefits to shareholders, including:
 - ✓ improved access and liquidity for investors;
 - ✓ increased analyst coverage (based on US-listed peers, coverage could increase meaningfully); and
 - ✓ enhanced transparency and information flow for all stakeholders
- In our view a NASDAQ listing for Samsung Opco would be positive for sustainable shareholder value
- Samsung Opco would be among the largest companies by market capitalization on NASDAQ based on current share prices

Name	Market Capitalization (USD billion)
Apple Inc.	609
Alphabet Inc.	542
Microsoft Corp.	446
Amazon.com Inc.	395
Facebook Inc.	368
Samsung Electronics	206
Intel Corp.	177

Source: Market data as of October 4, 2016.

4. ADOPT KEY BOARD IMPROVEMENTS AT SAMSUNG HOLDCO AND SAMSUNG OPCO

We propose the addition of at least three truly independent directors to the boards of Samsung Holdco and Samsung Opco

- The Samsung Electronics Value Enhancement Proposals would, if implemented, allow for significant improvements to Samsung Holdco's and Samsung Opco's governance structures which are reflective of Samsung Electronics' global brand and business reach
- The addition of at least three independent directors with suitable international corporate backgrounds (and also with a view to enhancing diversity on the board as part of those changes) would result in the boards of directors becoming more representative of their respective shareholder bases
- The increased ratio of non-executive directors to executive directors would result in improved oversight and accountability
- The Lee family's important position as part of the Samsung group would be expected to continue and would be likely to be reflected in the composition of the boards of Samsung Holdco and Samsung Opco

INDEPENDENT RESEARCH ANALYSTS' COMMENTS

Independent research analysts have commented¹ on many of the issues which underpin the Samsung Electronics Value Enhancement Proposals:

“The amount of FCF should continue to rise in the next two years, in spite of rising capex. As a result, we expect share repurchases/cancellations to recur every year, in addition to rising cash dividends. Moreover, the company needs to implement another round of its ‘special’ share buyback program in the future, since its net cash balance is still rising, up 6%QoQ to Won64.9tr in 2Q16.”

Macquarie, July 28, 2016

“One way of unlocking this value could be a holding and operating company separation... . Advantages could include: (i) streamlining management structure focused on its business prospects and less group issues; (ii) allowing greater transparency and potentially higher dividend payments to benefit the holding company; and (iii) this could involve potential gains from non-core asset disposals and revaluation of assets.”

Morgan Stanley, July 2, 2016

“However, given very modest or even negative market expectations, we see significant rerating upside potential if the company implements better shareholder returns, either proactively or pushed by minority shareholders.”

Citi, October 27, 2015

“We believe SEC’s significant non-operating asset value should become clear through proactive shareholder returns and the group restructuring process.”

Barclays, October 7, 2015

Notes: *1. The contents of this slide shall not be taken to mean or imply (i) that the research reports referred to are a representative sample of all research reports on the topics concerned; or (ii) that the authors of the reports or their employing banks/brokers endorse in any way the Samsung Electronics Value Enhancement Proposals or the views set out in this presentation. We have emboldened, by way of emphasis, certain parts of the original text of the analysts’ views which appear in this presentation.*

INDEPENDENT RESEARCH ANALYSTS' COMMENTS contd.

“We believe that the market is giving a sizable discount to the value of its cash and investment assets which account for 44% of the current market cap due to poor capital management. Once group restructuring is close to the end, however, we think SEC will gradually increase shareholder returns via share buybacks and higher dividends, which should provide meaningful catalysts to the stock, in our view.”

JPMorgan, June 15, 2015

“With the newly created incentive to pay out more of its earnings through dividends, all investors in SEOC [newco] would benefit. **We think, broadly rising dividend yield and valuation multiple discount on SEC’s shares (lack of transparency, cross-holding structure, lack of speed in establishing a consistent dividend policy and bloated equity base due to heavy cash accumulation) could be eliminated and set a tone to a valuation multiple expansion.**”

Credit Suisse, January 12, 2015

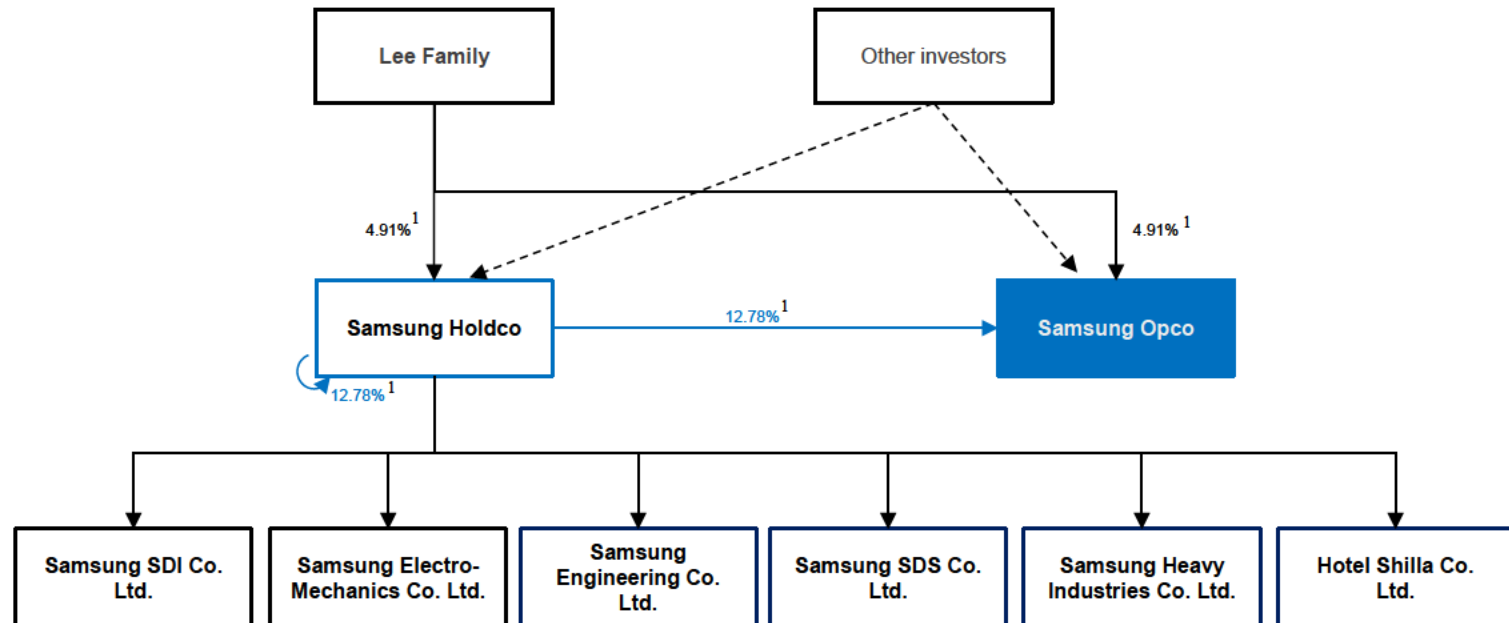
“If Samsung Group were to restructure into a holding company, our case studies show it would be likely to have positive share price implications. LG Group’s value post restructuring (to a holdco) increased by 38.5% in the first six months, while SK Group’s value increased 34% immediately after re-listing as a holdco.”

Deutsche Bank, November 3, 2014

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5. Appendix

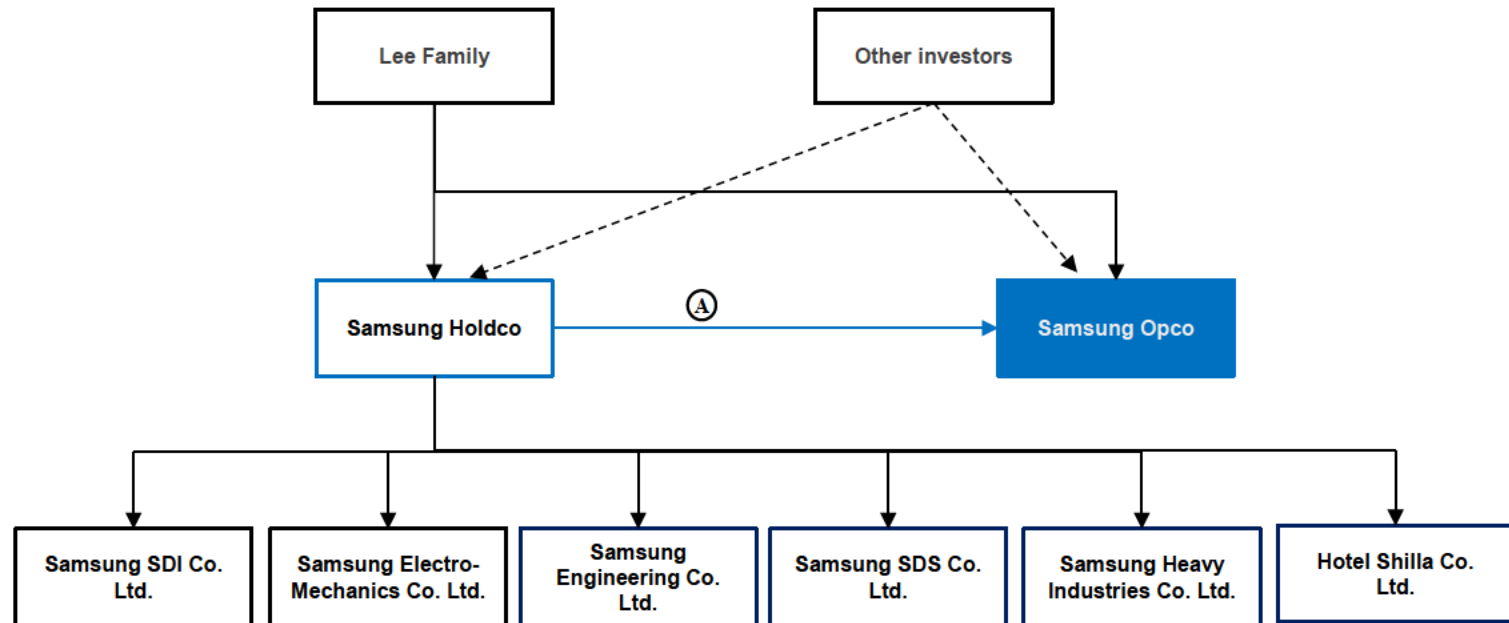
1. DEMERGER OF SAMSUNG ELECTRONICS INTO SAMSUNG HOLDCO AND SAMSUNG OPCO



- Demerger process designed to transform Samsung Electronics into separate holding / operating companies, with Samsung Holdco maintaining a substantial stake in the demerged Samsung Opco (i.e., Samsung Electronics' former holding of treasury shares, which upon demerger becomes (i) shares held by Samsung Holdco in Samsung Opco; and (ii) treasury shares in Samsung Holdco)
- Re-listed Samsung Opco would commit to pay a special cash dividend of KRW30tn to Samsung Opco shareholders at an appropriate time

Notes: 1. Based on all treasury shares which were acquired from 4Q 2015 to 3Q 2016 being cancelled.

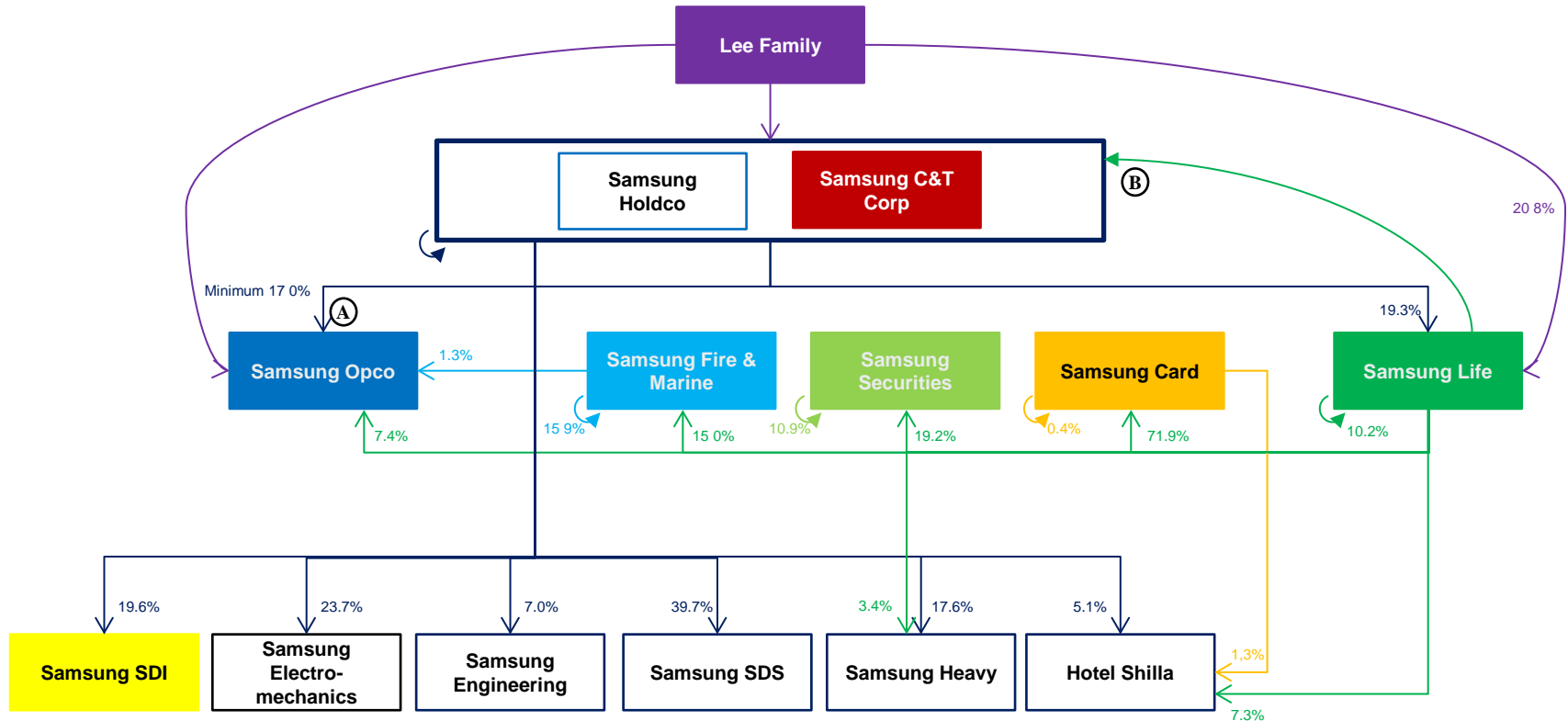
2. TENDER OFFER BY SAMSUNG HOLDCO FOR SAMSUNG OPCO SHARES



- Samsung Holdco to increase its stake in Samsung Opco via a tender offer (utilizing Samsung Holdco treasury shares as consideration) made to all other Samsung Opco shareholders

Ⓐ Samsung Holdco's increased shareholding in Samsung Opco post tender offer would primarily depend on the terms and level of acceptance of the tender offer

3. SAMSUNG HOLDCO MERGES WITH SAMSUNG C&T TO FORM AN ENLARGED SAMSUNG HOLDING COMPANY



A After the merger of Samsung Holdco and Samsung C&T the combined shareholding of the merged entity in Samsung Opco would be 17.0% (before taking into account any increase in that shareholding which could result from the pre-merger tender offer by Samsung Holdco for shares in Samsung Opco). Any increase in Samsung Holdco's shareholding in Samsung Opco from the tender offer would primarily depend on the terms and level of acceptance of the tender offer.

B There would be scope to reduce or eliminate any residual circular or cross-shareholdings that remain after the merger between Samsung Holdco and Samsung C&T, as part of, for example, a demerger of Samsung Holdco into a Samsung General Holding Company (Samsung GHC) and Samsung Financial Holding Company (Samsung FHC). Such a demerger would be designed to consolidate the holdings of the Samsung group's main non-financial affiliates under Samsung GHC and its key financial units under Samsung FHC, in line with continuing regulatory pressures on groups like Samsung to separate financial capital from industrial capital and to improve transparency, including by eliminating any group circular holdings or cross-holdings.