



Samsung Electronics Completes Review of Optimal Corporate Structure

- *Following a comprehensive review with external advisors, the Company's Board of Directors has determined not to convert to a holding company structure*
- *Review finds limited benefits of a holding company compared to the current corporate structure of the Company*
- *Risks including uncertain legal and regulatory environment would not be beneficial to shareholder value and long-term growth*
- *Current business structure serves as a platform for sustainable growth and provides unique strength for the Company*

SEOUL, Korea, April 27, 2017 – Samsung Electronics announced today the result of its review regarding the optimal corporate structure of the Company. After conducting a comprehensive review with external advisors, the Company's Board of Directors has decided not to convert to a holding company structure.

The review found that a holding company structure would not strengthen the competitiveness of the Company's businesses and could potentially weigh on the Company's operations longer term.

The review also found a number of issues that may result from the process of converting into a holding company.

First, creating a holding company would require divestments of equity stakes held by the Company and its affiliates. This would need the approval of the board of directors and the shareholders of each of the relevant companies and therefore cannot be implemented by the Company alone.

In addition, current laws could force the Company's financial affiliates which own shares in the Company to divest part or all of that stake, which could potentially cause volatility in the Company's share price.

The uncertainty of the legal and regulatory environment is also increasing as several revisions to relevant laws are pending for review which may negatively impact the creation of a holding company structure.

As such, Samsung concluded the risks and the challenging environment surrounding a change in the corporate structure would not be beneficial for enhancing shareholder value and sustaining long-term business growth. The Company believes a holding company does not have clear benefits compared to the advantages of the Company's current business structure.

Samsung maintains a well-balanced business portfolio between consumer electronics, including smartphones and TVs, and components business, comprising of semiconductors and displays.

This structure has enabled Samsung to minimize earnings volatility during periods of economic downturn and maintain stable growth through bold and preemptive investment in new technologies and facilities.

Moreover, this structure also serves as a platform for sustainable growth by allowing the Company to invest in new growth engines with earnings generated by profitable businesses. This is a unique strength of Samsung that cannot be matched by its global peers.

With the Company already maintaining strong competitiveness in its businesses, the Company has held a negative view that converting into a holding company structure would not contribute to further enhancing the competitiveness of the Company.

Since announcing the review plan in November as requested by investors, the Company and its advisors have evaluated important strategic, operational, financial, legal, tax and accounting considerations in determining the optimal structure with the Board and management maintaining a neutral position.

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About Samsung Electronics Co., Ltd.

Samsung inspires the world and shapes the future with transformative ideas and technologies. The company is redefining the worlds of TVs, smartphones, wearable devices, tablets, digital appliances, network systems, and memory, system LSI and LED solutions. For the latest news, please visit the Samsung Newsroom at <http://news.samsung.com>