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OFFICE OF INTERNATIONAL CORPORATE FINANCE

SAMSUNG ELECTRONICS

**SAMSUNG ELECTRONICS CO., LTD.**
Samsung Main Building
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Seoul, Korea 100-742
TEL : 727-7721, FAX : 727-7360

[redacted]

06017855

October 16, 2006

VIA AIR COURIER

Securities and Exchange Commission
Office of International Corporation Finance
450 Fifth Street, N.W.
Washington, D.C. 20549

SUPPL

Re: Samsung Electronics Co., Ltd.
Commission File No. 82-3109
Information Furnished Pursuant to Rule 12g3-2(b)
Under the Securities Exchange Act of 1934

Ladies and Gentlemen:

The following information is provided by Samsung Electronics Co., Ltd. to supplement the submission of documents pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. The enclosed documents (Q3 2006 Earnings Release) should bring your file on our company up to date.

Should you have any questions with respect to the foregoing, please do not hesitate to call Mr. Jinduk Han of Cleary, Gottlieb, Steen & Hamilton, U.S. counsel to Samsung Electronics Co., Ltd. at (852) 2532-3723. Thank you.

Very truly yours,

HyoJeung LIM
Manager
Investor Relations Team
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Tel) +82-2-727-7356
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Email) hj4.lim@samsung.com

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Earnings Release 3Q 2006

# Samsung Electronics

Oct 2006

## Disclaimer

This document is provided for the convenience of investors only, before our external audit on Q3 2006 financial results of our headquarters is completed.
The audit outcomes may cause some parts of this document to change.

This document contains "forward-looking statements" - that is, statements related to future, not past, events. In this context, forward-looking statements often address our expected future business and financial performance, and often contain words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain.

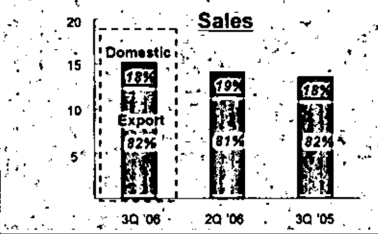
For us, particular uncertainties which could adversely or positively affect our future results include: the behavior of financial markets including fluctuations in exchange rates, interest rates and commodity prices; strategic actions including dispositions and acquisitions; unanticipated dramatic developments in our major businesses including semiconductor, LCD, telecommunication, digital media and digital appliances; and numerous other matters at the national and international levels which could affect our future results

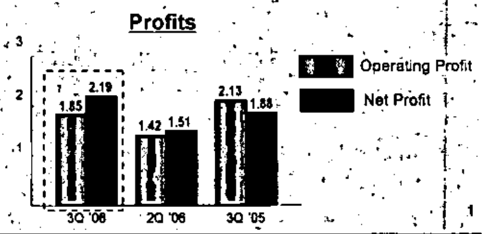
These uncertainties may cause our actual results to be materially different from those expressed in this document.

# Sales and Profits

(Units : Trillion, KRW)

| | 3Q '06 | Q-on-Q | 2Q '06 | 3Q '05 | Y-on-Y |
|---|---|---|---|---|---|
| **Sales** | 15.22 | 8% | 14.11 | 14.54 | 5% |
| **Gross Profit** | 4.22 | 14% | 3.71 | 4.40 | -4% |
| *(Margin)* | *(28%)* | | *(26%)* | *(30%)* | |
| SG&A | 2.37 | 3% | 2.29 | 2.27 | 5% |
| **Operating Profit** | 1.85 | 30% | 1.42 | 2.13 | -13% |
| *(Margin)* | *(12%)* | | *(10%)* | *(15%)* | |
| Non-operating Income | 0.68 | | 0.34 | 0.03 | |
| Equity Income from Samsung Card | 0.03 | | 0.02 | 0.03 | |
| Income tax | 0.34 | 35% | 0.25 | 0.27 | 24% |
| **Net Profit** | 2.19 | 45% | 1.51 | 1.88 | 16% |
| *(Margin)* | *(14%)* | | *(11%)* | *(13%)* | |

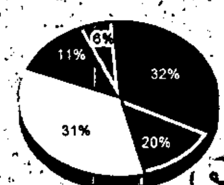





# Divisional Performance - Sales

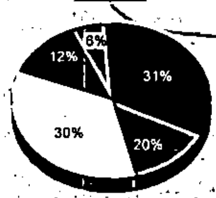
**3Q'06**




(Units : Trillion, KRW)

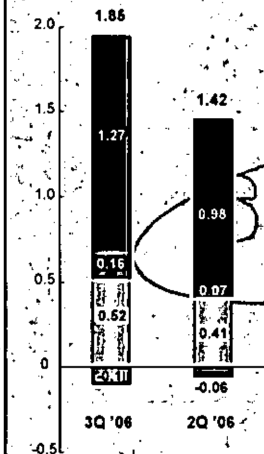
| | 3Q '06 | Q-on-Q | 2Q '06 | 3Q '05 | Y-on-Y |
|---|---|---|---|---|---|
| **Semiconductor** | 4.91 | 11% | 4.42 | 4.59 | 7% |
| Memory | 3.64 | 10% | 3.32 | 3.47 | 5% |
| System LSI | 0.59 | 15% | 0.52 | 0.55 | 7% |
| **LCD** | 3.00 | 5% | 2.85 | 2.68 | 12% |
| **Telecom** | 4.71 | 10% | 4.28 | 4.58 | 3% |
| Handsets | 4.45 | 10% | 4.04 | 4.37 | 2% |
| **Digital Media** | 1.64 | -1.5% | 1.66 | 1.64 | -0.3% |
| **Appliances** | 0.83 | 8% | 0.77 | 0.85 | -2.1% |
| **Total** | 15.22 | 8% | 14.11 | 14.54 | 5% |

**2Q'06**




Semiconductor LCD Telecom Digital Media Appliances Others

# Divisional Performance – Operating Profit



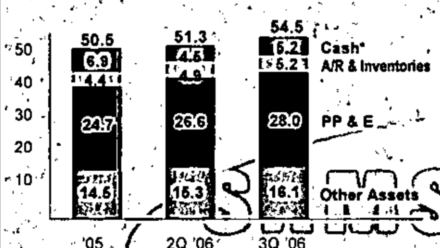

(Units : Trillion, KRW)

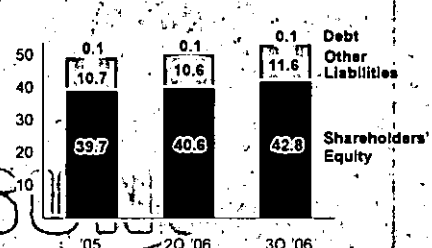
| | 3Q '06 | Q-on-Q | 2Q '06 | 3Q '05 | Y-on-Y |
|---|---|---|---|---|---|
| Semiconductor | 1.27 | 30% | 0.98 | 1.35 | -6% |
| *(Margin)* | *(26%)* | | *(22%)* | *(29%)* | |
| LCD | 0.16 | 115% | 0.07 | 0.30 | -46% |
| *(Margin)* | *(5%)* | | *(3%)* | *(11%)* | |
| Telecom | 0.52 | 29% | 0.41 | 0.55 | -5% |
| *(Margin)* | *(11%)* | | *(10%)* | *(12%)* | |
| Digital Media | -0.10 | | -0.06 | -0.02 | |
| *(Margin)* | *(-6%)* | | *(-4%)* | *(-2%)* | |
| Appliances | -0.01 | | 0.00 | -0.04 | |
| *(Margin)* | *(-2%)* | | *(0%)* | *(-5%)* | |
| Total | 1.85 | 30% | 1.42 | 2.13 | -13% |
| *(Margin)* | *(12%)* | | *(10%)* | *(15%)* | |



# Financial Position

(Units : Trillion, KRW)



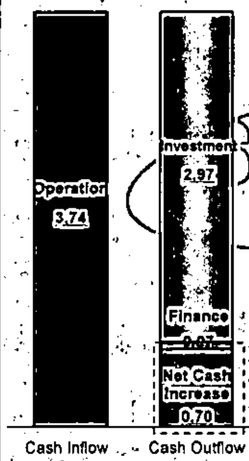




Key Ratios

| | '05 | 2Q '06 | 3Q '06 |
|---|---|---|---|
| Debt / Equity | 0.3 % | 0.2 % | 0.2 % |
| Net Debt / Equity | -17.1 % | -10.8 % | -11.9 % |
| Return on Equity | 20.6 % | 14.8 % | 21.0 % |
| Return on Asset | 16.2 % | 11.8 % | 16.5 % |

* Cash = Cash + Cash equivalents + Short-term financial instruments + Marketable securities

# Cash Flow




Unit: Trillion, KRW

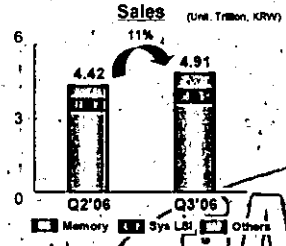
| | 3Q '06 | 2Q '06 |
|---|---|---|
| **Cash* (Beginning of period)** | **4.49** | **6.41** |
| **Cash flow from Operation** | **3.74** | **2.50** |
| *Net profit* | *2.19* | *1.51* |
| *Depreciation* | *1.44* | *1.36* |
| *Income (Loss) from equity method* | *-0.52* | *-0.23* |
| *Increase (Decrease) in working capital, etc.* | *0.63* | *-0.14* |
| **Cash flow from Investment** | **-2.97** | **-2.67** |
| *CAPEX* | *-2.81* | *-2.44* |
| **Cash flow from Finance** | **-0.07** | **-1.75** |
| *Dividend* | *-0.07* | |
| *Decrease of short-term borrowings* | | |
| *Repurchase of shares* | *-0.04* | *-1.76* |
| *Proceeds from sales of shares under stock option plan* | *0.05* | *0.01* |
| **Net increase in cash** | **0.70** | **-1.93** |
| **Cash* (End of period)** | **5.19** | **4.49** |

* Cash = Cash + Cash equivalent + Short-term financial instruments + Marketable securities



# Semiconductor

**Sales** (Unit: Trillion, KRW)




**DRAM Product Mix**

| | Q1'06 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| DDR/SD | 60% | 65% | 70% | 75% |
| Mobile | 20% | 15% | 15% | 15% |
| GFX, etc | 20% | 20% | 15% | 10% |

**MLC Portion**

| | Q1'06 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| MLC | 25% | 23% | 40% | 75% |

(Source : Samsung Electronics, Oct 2006)

## Q3 Results Analysis

**Memory**

- **DRAM : Continued strong market due to seasonality**
  - Strong pricing of DDR1 and DDR2
    - Sales growth of DDR1 for Server and DDR2 for PC
    - Few manufacturers continued to have production problems in 90nm
  - Bit Growth : 21%↑ QoQ
    - Increased production of DDR2 which maintained firm ASP
- **NAND : Stabilized Demand & Supply**
  - Introduction of new MP3Ps and demand recovery for high-density Cards
    - Sales increase of 4GB/8GB MP3Ps and 1GB+ Cards
    - Price recovery of high-density (4Gb,8Gb) chips since mid-August
  - Bit Growth : 35%↑ QoQ
    - 8Gb MLC production increase (40% of NAND output in Q3)
    - ※ Expanded price gap between SLC and MLC due to SLC limited supply

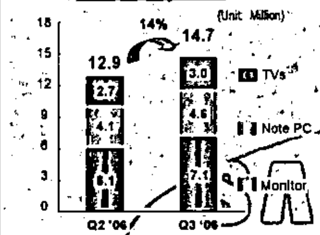
**System LSI**

- **Improved business results due to higher demand of chips for mobiles and media players**

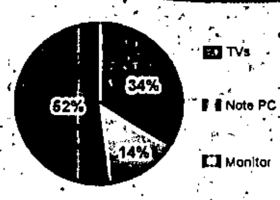
# TFT-LCD

## Q3 Results Analysis

**Panel Shipment**




**Area Breakdown**




**Large Panels**

- **Shipment increase of both IT and TV panels due to strong seasonal demand (Shipment: 14% QoQ)**
  - Monitors (17%↑): Shipment growth of 17" & 19" (highest price increase)
    → 17": 22% QoQ / 19": 19% QoQ
  - Note PCs (13%↑): Reduced set inventory and strong sales of wide-note PCs resulted in strong pick-up in shipment
    → Wide-panel: 25% QoQ
  - TVs (10%↑): New model launch of LCD TVs from Samsung & Sony has created additional demand for 40" and above panels
    → 40" 1.2mn (34% QoQ) / 46+" 0.4mn (46% QoQ)
- **ASP has recovered for IT and stabilized for TV panels since August**
  - Monitors (19"): Q2 $150 → Q3 $140
  - Note PCs (15.4"W): Q2 $106 → Q3 $100
  - TVs (40"): Q2 $790 → Q3 $750

**Small/Mid Panels**

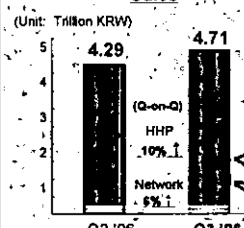
- **Increased panel shipment (6%): Q2 21.6mn → Q3 23.0mn**



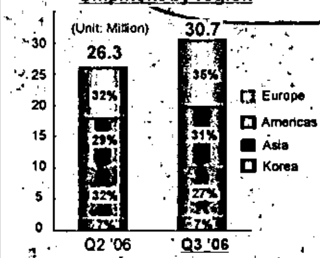
# Telecommunication

## Q3 Results Analysis

**Sales**




**Shipment by region**



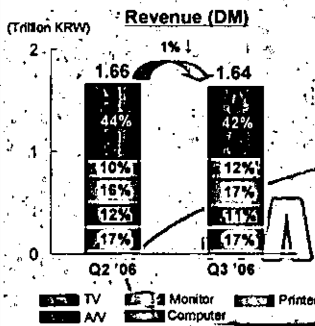

**Handset**

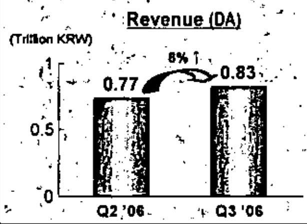
- **Shipment of 30.7 million units (17%↑ QoQ)**
  - Overseas: Surge of quarterly shipment due to strong sales to the major carriers in the US and "Ultra Edition" in Europe.
  - Korea: Increased shipment due to strong sales of slim and DMB phones
- **ASP : Export↑, Domestic↓**
  - Exports: ASP increase triggered by the success of "Ultra Edition"
    ☞ ASP (USD): Q2 $167 → Q3 $175
  - Domestic: Reduced effect of renewed subsidy commenced in Q2 resulted in higher sales of mid-priced phones
    ☞ ASP (KRW): Q2 374K → Q3 343K

**Network**

- **Sequential sales growth coming from domestic WCDMA & WiBro and Japanese CDMA network sales**
- **Established foot-hold for Mobile WiMAX infrastructure business in US with Sprint**

# Digital Media & Digital Appliance




## Q3 Results Analysis

### Digital Media

- Continuous strong sales of premium TV
  - Q3 shipment : LCD TV 1.4 mil; PDP TV 0.3 mil (15%↑, 17%↑ QoQ)
    ※ "Bordeaux" LCD TV became million seller within 6 months of launch
  - Sustained growth of large/HD TV sales portion
    40"+ LCD *(market)* : '05.4Q 9% *(6%)* → '06.3Q 24% *(12%)*
    50"+ PDP *(market)* : '05.4Q 10% *(13%)* → '06.3Q 22% *(21%)*
  - Strengthened No.1 M/S position in flat panel TV (US & Europe)
- Preempt new markets with continuous launch of new products
  - UMPC : Premium(1G Mem/60G HDD) & Low-end(2nd CPU) model launch
  - World's smallest & lightest C-LBP model launch
  - Blu-ray Disc Player launch (Domestic market)
  - Strong sales of new MP3P product(Z5, 1.8" LCD)
    : 1 million shipments expected in '06

### Digital Appliance

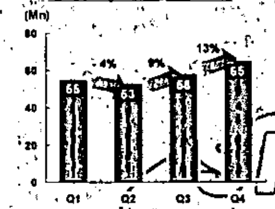
- Revenue increase due to solid sales of Washer & Refrigerator
  - Q3 shipment : Washer 16%↑, Refrigerator 4%↑ (QoQ)

# Business Outlook

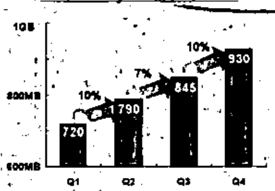
# Semiconductor

## Business Outlook

**PC Shipment in 2006**




**PC MB/system in 2006**




(Source : Samsung Electronics, Oct 2006)

**Memory**

- **DRAM: Highest demand season for PCs**
  - Expect the highest PC growth rate in the year (13%↑ QoQ)
    - Sales increase of Vista Ready PCs (Q4: 930MB/sys, 10%↑QoQ)
    - Greater adoption of 1GB+ Memory, mainly for Consumer PCs
  - Seasonal demand pickup for mobile and graphic DRAMs
- **NAND: Expect robust demand from new models launch and seasonality**
  - Increase in new products adopting high-density NAND
    - High-density (8Gb) demand increase with new 8GB MP3Ps
  - 1GB+ Cards reach sweet spot price range (Ex: 1GB, below $20)
    - Higher demand for handsets with card slot and mega-pixel cameras
  - Expect industry bit growth to decrease QoQ while SEC's bit growth to increase
    - Bit growth: Market Q3 40%→Q4 32%, SEC Q3 mid-30% → mid-40%
    - NAND market to stabilize with slower price decline
    - SEC: Further cost reduction from increase in 60nm 8Gb production in Q4

**System LSI**

- **Expect sales increase of DDI, CIS for mobiles and SoC for MP3Ps due to seasonality**



# TFT-LCD

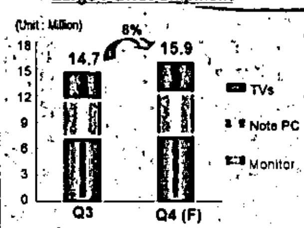
## Business Outlook

**Panel Demand Outlook**

(Unit : Million, Million ㎡)

| | Q3 | Q4 (F) | YoY |
|---|---|---|---|
| Monitor | 34.5 | 36.8 | 7% |
| Notebook | 20.3 | 21.3 | 5% |
| TV | 12.5 | 14.2 | 14% |
| Total | 67.3 | 72.3 | 7% |
| • Area | 8.2 | 9.2 | 12% |

**Large Panel Shipment**




**Market**

- **Market demand expected to be strong in Q4**
  **(Unit: 72.3mn, 7% QoQ / Area: 9.2 mn㎡, 12% QoQ)**
  - IT panel: Strong demand and low inventory level are expected to drive up the panel prices (QoQ ASP: 10+%)
  - TV panel: Significant demand increase with 40" TVs in sweet-price spot during the holiday season (40+": 31% increase in shipment / Slight ASP decline)

**Samsung**

- **Large panel shipment to increase in Q4: 15.9mn (8%↑ QoQ)**
  - Monitor (5%↑) / Notebook (12%↑) / TV (7%↑)
- **Focus on satisfying increased demand of the major customers & gaining M/S in large TV panels**
  - 7G capacity: 133K/Month (Q3) → 151K/Month (Q4)

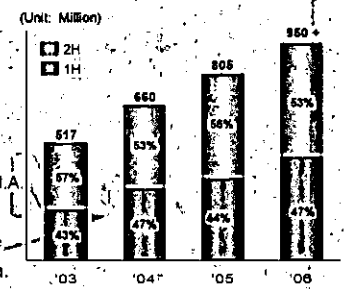
☞ **Expect positive impact from cost reduction and price increase of IT panels**

# Telecommunication

## Business Outlook

**Market**

- **Expansion of WCDMA/HSDPA services and new handset introductions are expected to fuel the market growth during the peak sales season**
  - Overseas: Market is expected to grow sequentially due to the strong Christmas demand in Europe & N.A.
  - Korea: Inventory adjustments of service providers are expected to result in contraction of the market size
- **Global handset market for '06 is expected to exceed 950 mn. mainly due to the strong growth in emerging market**




**Samsung**

- **Expect to exceed the annual shipment target of 115 mn. in '06**
- **Shipment and ASP are expected to improve as sales of flagship models increase in Q4**
  - Exports: Strong sales of "Ultra Edition" and other mid/high-end models
  - ☞ Target to launch about 30 new models including HSDPA, Mobile TV and smart phones



# Digital Media

## Business Outlook

**Market**

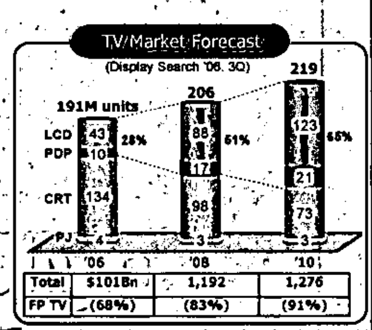
- **Growth of premium FP TV**

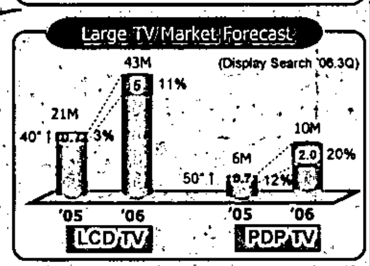
| | '06 | '08 | '10 |
|---|---|---|---|
| - 40"+ LCD TV | 11% | 22% | 32% |
| Full HD LCD TV | 2% | 11% | 22% |
| - 50"+ PDP TV | 20% | 33% | 46% |

- **Sharp growth of LCD TV demand in '07 (US & EU)**
  - LCD TV Penetration

| | '06 | '07 | '08 |
|---|---|---|---|
| US | 35% | 55% | 68% |
| EU | 44% | 60% | 68% |

- **Printer : Continuous growth of C-LBP portion ('06 19%→'08 23%)**




**Samsung**

- **Strengthen the leading position in FP TV**
  - Intensify marketing activities of LCD TV in US & EU
    - Aggressive drive for "Bordeaux" TV
      - : 2 million shipments (accumulated) expected by Nov
    - Successful launch of new LCD TV model : "Mosel"
- **Reinforce premium printer lineup**
  - 16 mid/high speed LBPs & 5 C-LBPs in 2H

## Appendix 1: Capital Expenditures

(Units : Trillion, KRW)

| | '06 Plan | '06 Revised | 3Q Accumulated | (%) | '05 Actual |
|---|---|---|---|---|---|
| Semiconductor | 5.63 | 6.66 | 5.19 | (78%) | 6.33 |
| Memory | 4.58 | 5.60 | 4.46 | (80%) | 5.29 |
| System LSI | 0.98 | 0.96 | 0.68 | (70%) | 0.99 |
| LCD | 2.37 | 2.59 | 1.88 | (73%) | 2.87 |
| Telecommunication | 0.54 | 0.26 | 0.16 | (64%) | 0.27 |
| Digital Media & others | 0.69 | 0.73 | 0.37 | (48%) | 0.57 |
| Total | 9.23 | 10.24 | 7.60 | (74%) | 10.04 |

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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

SAMSUNG ELECTRONICS

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Seoul, Korea 100-742
TEL : 727-7721, FAX : 727-7360

October 16 , 2006

VIA AIR COURIER

Securities and Exchange Commission
Office of International Corporation Finance
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: Samsung Electronics Co., Ltd.
Commission File No. 82-3109
Information Furnished Pursuant to Rule 12g3-2(b)
Under the Securities Exchange Act of 1934

Ladies and Gentlemen:

The following information is provided by Samsung Electronics Co., Ltd. to supplement the submission of documents pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. The enclosed documents (Real Estate Purchase from Affiliate) should bring your file on our company up to date.

Should you have any questions with respect to the foregoing, please do not hesitate to call Mr. Jinduk Han of Cleary, Gottlieb, Steen & Hamilton, U.S. counsel to Samsung Electronics Co., Ltd. at (852) 2532-3723. Thank you.

Very truly yours,

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SAMSUNG
ELECTRONICS

# Real Estate Purchase from Affiliate

**On October 16, 2006, the BOD of Samsung Electronics authorized the purchase of industrial property from its affiliate, Samsung Corning.**

▫ **Details**

- Contract amount: KRW 165.6 billion
- Expected contract date: October 17, 2006
- BOD decision date: October 16, 2006
- Transaction property: 55,703 pyeong of land and 16,057 pyeong of building
(Sin-song, Youngtong-gu, Suwon-si, Kyunggi-do, Korea)