

May 24 2007

Richard Karney, PE
ENERGY STAR Product Manager
U.S. Department of Energy
1000 Independence Avenue
Washington, DC

Dear Richard,

I wanted to make an opinion as regards to the refrigerator requirements that are tentatively set for 20% more efficient products than federal standards, to be implemented on April 2008. I understand we have until the 25th to make such comments and I am happy to present this comment today on behalf of Samsung. Also, I wanted to state that I have an unavoidable meeting in Korea during the week of June 4, so I will be unable to make the upcoming June 4, 2007 meeting to discuss this further. I hope there is a way I can meet with you or further discuss later in the month.

We are not opposed to increased requirements, and we support pushing the envelope of energy efficiency for our products. However, making these requirements by April 1, 2008 will be extremely difficult for Samsung. Achieving Energystar compliance is very important for Samsung, but we can't upgrade technically in this short of a time period. Please reconsider the implementation date to April 1, 2009.

According to my experience, we are very respectful of the regulations and always try to design within the intent of the specifications; and we will certainly continue. We have always been great supporters of Energystar and have a long history with Energystar. In this case, we are eager to change our refrigerator designs although more time is needed. Flexibility on time is reasonable. In fact, during planning stages there are many examples of delayed implementation of new requirements throughout the history of regulations (i.e. monitors, tv's, and set top boxes).

We kindly request that Energystar adjusts implementation date of new energy efficiency requirements for refrigerators to April 1, 2009. Thus far there has been no consolidated industry opinion given through our industry association group, neither for nor against an implementation date in 2008. I believe the tacit message being delivered by industry is that not all of industry is on equal footing. While some manufacturers may be able to meet a date of April 1, 2008, others can not for a variety of reasons that include market maturity cycle, infrastructure, technology, and resource. Samsung is just beginning to become a more pronounced player in the refrigerator market. A 2008 implementation date for more efficient requirements will significantly and negatively impact our early momentum.

It is great that some products already meet the 20% more efficient level of energy consumption, and we look forward to joining with this group. However, as early stage players up to this point, our focus has been on meeting Energystar requirements while

producing competitively priced, high quality refrigerators. In our marketing cycle, which is early stage player, our focus is to establish a foothold in a very competitive market, followed later by a stage of designing beyond voluntary requirements. This means that, due to our relative newness to big volume US sales, we need a reasonable period of time in which to catch up with existing players who are better prepared for the higher level requirements due to their market cycle maturity. They may be ready for an early implementation date, but we are not (ipso facto, a consolidated industry opinion on implementation date is not likely). This puts us at a real disadvantage. However, delaying the implementation date to April 1, 2009 will give us the chance to develop high quality, highly efficient refrigerators for approach to a level business playing field.

I hope that you can accept our request to delay implementation date to April 1, 2009.
Looking forward to your comments.

Sincerely,

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