

SK TELECOM CO LTD  
Form 6-K  
April 30, 2010

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 6-K  
REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16  
UNDER THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE MONTH OF APRIL 2010  
COMMISSION FILE NUMBER 333-04906**

**SK Telecom Co., Ltd.**  
*(Translation of registrant's name into English)*  
11, Euljiro2-ga, Jung-gu  
Seoul 100-999, Korea  
*(Address of principal executive offices)*

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

*Note:* Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

*Note:* Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes  No

If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_

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ANNUAL REPORT

(From January 1, 2009 to December 31, 2009)

THIS IS A SUMMARY OF THE ANNUAL BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SERVICES COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A NON-CONSOLIDATED BASIS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN KOREA, OR KOREAN GAAP, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

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**I. COMPANY OVERVIEW**

**1. Company Overview**

A. Corporate Legal Business Name: SK Telecom Co., Ltd. (The Company )

B. Date of Incorporation: March 29, 1984

C. Location of Headquarters

(1) Address: 11 Euljiro 2-ga, Jung-gu, Seoul, Korea

(2) Phone: +82-2-6100-2114

(3) Website: <http://www.sktelecom.com>

D. Corporate Purpose of the Company

**Business Objectives**

1. Information and communication business
2. Handset sales and lease business
3. New media business
4. Advertisement business
5. Communication sales business
6. Real estate business(development, maintenance, leasing, etc.) and chattel leasing business
7. Research and technology development related to Clause 1 through 4
8. Overseas business and trading business related to Clause 1 through 4
9. Manufacturing and distribution business related to Clause 1 through 4
10. Tourism
11. Electronic financial business
12. Motion picture business (Production, Importation, Distribution, Screening)
13. Lifetime education and lifetime educational facilities management
14. Electric related construction business
15. Information and communication related work business
16. Ubiquitous city construction and service business
17. Any business or undertaking incidental or conducive to the attainment of the objects above

E. Credit Ratings

(1) Corporate Bonds

**Credit rating entity**

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<b>Credit rating date</b>	<b>Subject of rating</b>	<b>Credit rating</b>	<b>(Credit rating range)</b>	<b>Rating classification</b>
June 13, 2006			Korea Information	
	Corporate bond	AAA	Services, Inc.	Regular rating
June 21, 2006	Corporate bond	AAA	Korea Ratings	Regular rating
June 22, 2006			Korea Investors Service,	
	Corporate bond	AAA	Inc.	Regular rating
September 1, 2006			Korea Information	
	Corporate bond	AAA	Services, Inc.	Current rating

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<b>Credit rating date</b>	<b>Subject of rating</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Rating classification</b>
September 1, 2006	Corporate bond	AAA	Korea Ratings	Current rating
September 1, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
October 27, 2006	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
October 27, 2006	Corporate bond	AAA	Korea Ratings	Current rating
May 29, 2007	Corporate bond	AAA	Korea Ratings	Regular rating
June 14, 2007	Corporate bond	AAA	Korea Information Services, Inc.	Regular rating
June 27, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
November 5, 2007	Corporate bond	AAA	Korea Ratings	Current rating
November 5, 2007	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
November 5, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
February 20, 2008	Corporate bond	AAA	Korea Ratings	Current rating
February 21, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
February 21, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
June 3, 2008	Corporate bond	AAA	Korea Ratings	Regular rating
June 17, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
June 30, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Regular rating
October 20, 2008	Corporate bond	AAA	Korea Ratings	Current rating
October 20, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
October 20, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
January 13, 2009	Corporate bond	AAA	Korea Ratings	Current rating
January 13, 2009	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
January 13, 2009	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
February 23, 2009	Corporate bond	AAA	Korea Ratings	Current rating
February 23, 2009	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
February 23, 2009	Corporate bond	AAA	Korea Information Services, Inc.	Current rating
June 24, 2009	Corporate bond	AAA	Korea Information Services, Inc.	Regular rating
June 26, 2009	Corporate bond	AAA	Korea Ratings	Regular rating
June 30, 2009	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating

\* Rating  
definition: AAA  
The certainty of  
principal and  
interest payment  
is at the highest  
level with  
extremely low  
investment risk,  
and is stable in  
that there is no  
influence of any  
environmental  
change under  
reasonable  
expectation  
conditions.

(2) Commercial Paper ( CP )

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<b>Credit rating date</b>	<b>Subject of rating</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Rating classification</b>
June 13, 2006	CP	A1	Korea Information Services, Inc.	Current rating
June 21, 2006	CP	A1	Korea Ratings	Current rating
June 22, 2006	CP	A1	Korea Investors Service, Inc.	Current rating
September 1, 2006	CP	A1	Korea Ratings	Regular rating
December 27, 2006	CP	A1	Korea Information Services, Inc.	Regular rating
December 27, 2006	CP	A1	Korea Investors Service, Inc.	Regular rating
May 29, 2007	CP	A1	Korea Ratings	Current rating
June 14, 2007	CP	A1	Korea Information Services, Inc.	Current rating
June 27, 2007	CP	A1	Korea Investors Service, Inc.	Current rating
November 5, 2007	CP	A1	Korea Ratings	Regular rating
November 5, 2007	CP	A1	Korea Information Services, Inc.	Regular rating
November 5, 2007	CP	A1	Korea Investors Service, Inc.	Regular rating
June 3, 2008	CP	A1	Korea Ratings	Current rating
June 16, 2008	CP	A1	Korea Information Services, Inc.	Current rating
June 17, 2008	CP	A1	Korea Investors Service, Inc.	Current rating
October 20, 2008	CP	A1	Korea Ratings	Regular rating
October 20, 2008	CP	A1	Korea Investors Service, Inc.	Regular rating
October 20, 2008	CP	A1	Korea Information Services, Inc.	Regular rating
June 24, 2009	CP	A1	Korea Information Services, Inc.	Current rating
June 26, 2009	CP	A1	Korea Ratings	Current rating
June 30, 2009	CP	A1	Korea Investors Service, Inc.	Current rating
December 15, 2009	CP	A1	Korea Ratings	Regular rating
December 30, 2009	CP	A1	Korea Investors Service, Inc.	Regular rating

December 30, 2009	CP	A1	Korea Information Services, Inc.	Regular rating
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\* Rating definition: A1  
Timely repayment capability is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable expectation conditions.

(3) International Credit Ratings

<b>Date of credit rating</b>	<b>Subject of rating</b>	<b>Credit rating of securities</b>	<b>Credit rating company (Credit rating range)</b>	<b>Rating type</b>
July 9, 2007	Global Bonds	A	Fitch (England)	Current rating
July 9, 2007	Global Bonds	A2	Moody s (U.S.A.)	Current rating
July 9, 2007	Global Bonds	A	S&P (U.S.A.)	Current rating

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<b>Date of credit rating</b>	<b>Subject of rating</b>	<b>Credit rating of securities</b>	<b>Credit rating company (Credit rating range)</b>	<b>Rating type</b>
April 7, 2009	Offshore Convertible Bonds	A	Fitch (England)	Current rating
April 7, 2009	Offshore Convertible Bonds	A2	Moody s (U.S.A.)	Current rating
April 7, 2009	Offshore Convertible Bonds	A	S&P (U.S.A.)	Current rating

**2. Company History****A. Location of Headquarters**

22 Dohwa-dong, Mapo-gu, Seoul (July 11, 1988)

16-49 Hangang-ro 3-ga, Yongsan-gu, Seoul (November 19, 1991)

267 Namdaemun-ro 5-ga, Jung-gu, Seoul (June 14, 1995)

99 Seorin-dong, Jongro-gu, Seoul (December 20, 1999)

11 Euljiro 2-ga, Jung-gu, Seoul (December 13, 2004)

**B. Significant Changes in Management**

At the 26th General Shareholders Meeting held on March 12, 2010, Cho, Ki Haeng was elected as an inside director, Chung, Jay Young was elected as a member of the audit committee and Shim, Dal Sup was re-elected as an independent director while Sung Min Ha resigned from the Board on March 12.

**C. Other Important Matters related to Management Activities****(1) Resolution to issue registered offshore unsecured convertible bonds.**

In accordance with the resolution of the Board of Directors on March 13, 2009, the Company issued offshore registered, unsecured convertible bonds in order to refinance its maturing offshore unsecured convertible bonds (maturity date: May 27, 2009) originally issued in May of 2004. Details related to the said offshore unsecured convertible bonds are as follows:

<b>Face value of the Convertible Bonds ( CB )</b>	US\$332,528,000 (Won 460,019 million)
<b>Interest and Payment Terms of the CB</b>	Coupon Rate of 1.75% payable semi-annually
<b>Maturity of the CB</b>	April 7, 2014
<b>Conversion Price and Ratio</b>	Won 230,010 per share, 100%
<b>Shares to be Converted</b>	Registered Common (Treasury) Shares issued by the Company
<b>Conversion Period</b>	From May 18, 2009 to March 28, 2014

**(2) Acquisition of leased-line business and related ancillary businesses of SK Networks**

In accordance with the resolution of the Board of Directors on May 21, 2009, the Company decided to acquire leased-line business and related ancillary businesses (including all assets, liabilities and other rights and obligations related to such businesses) of SK Networks. Through the acquisition, the Company intends to increase the efficiency of its network utilization and provide optimal services by internalizing mobile phone transmission lines. Acquisition price was Won 892,850 million. As of September 30, 2009, the assets and liabilities of the businesses being acquired amounted to Won 646,413 million and Won 620,154 million, respectively. Revenue from the businesses being

acquired in 2008 was Won 416,533 million. SK Networks

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approved the acquisition in its shareholders' meeting held on July 6, 2009. The acquisition closed, and the acquisition price was paid, on September 30, 2009.

(3) Purchase of SK Broadband shares

On July 21, 2009, the Company purchased 47,187,105 shares of SK Broadband's common stock in its rights offering, at Won 5,000 per share (aggregate purchase price of Won 235,935,525,000), to increase competitiveness of the Company's and its affiliates' businesses. The Company's equity interest in SK Broadband increased from 43.4% to 50.6%.

(4) Payment of interim dividends

In accordance with the resolution of the Board of Directors on July 23, 2009, the Company decided to pay interim dividends as follows:

(a) Dividend amount: Won 1,000 per share (aggregate dividend amount of Won 72,345,003,000)

(b) Market dividend rate: 0.57%

(c) Record date: June 30, 2009

(d) Dividend payment date: within 20 days from the date of the resolution of the Board of Directors

(5) Sale of SK C&C Shares

In accordance with the resolution of the Board of Directors on September 18, 2009, the Company decided to sell common shares of SK C&C Co., Ltd. (SK C&C) held by the Company in the initial public offering of SK C&C's common shares on the KRX KOSPI Market. The Company sold 10,500,000 shares of SK C&C at Won 30,000 per share (aggregate sale price of Won 315,000 million), pursuant to the final offering price and amount as disclosed on November 2, 2009. After the sale, the Company's equity stake in SK C&C decreased from 30.0% to 9.0%.

(6) Sale of China Unicom Shares

In accordance with the resolution of the Board of Directors on September 25, 2009, the Company sold all common shares of China Unicom (HongKong) Limited (China Unicom) held by the Company (899,745,075 shares) to China Unicom on November 5, 2009 at HK\$11.105 per share, amounting to an aggregate sale price of HK\$9,991,669,058.

(7) Purchase of shares of Hana Card Co., Ltd.

In accordance with the resolution of the Board of Directors on December 14, 2009, the Company purchased shares of Hana Card Co., Ltd. (purchase price: Won 400 billion, number of shares: 57,647,058, percentage of total outstanding shares: 49%) on February 25, 2010.

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**Table of Contents****3. Total Number of Shares**

## A. Total number of shares

(As of December 31, 2009)

(Unit: shares)

Classification	Share type		Remarks
	Common shares	Total	
<b>I. Total number of authorized shares</b>	220,000,000	220,000,000	
<b>II. Total number of shares issued to date</b>	89,278,946	89,278,946	
<b>III. Total number of shares retired to date</b>	8,533,235	8,533,235	
a. reduction of capital			
b. retirement with profit*	8,533,235	8,533,235	
c. redemption of redeemable shares			
d. others			
<b>IV. Total number of shares (II-III)</b>	80,745,711	80,745,711	
<b>V. Number of treasury shares</b>	8,400,712	8,400,712	
<b>VI. Number of shares outstanding (IV-V)</b>	72,344,999	72,344,999	

\* On January 9, 2009, the Company purchased (using retained earnings) and cancelled 448,000 common shares. As the result of such retirement of common shares, the total number of shares decreased to 80,745,711.

## B. Treasury Stock

## (1) Acquisitions and Dispositions of Treasury Stocks

(As of December 31, 2009)

(Unit: Shares)

Acquisition methods	Type of shares	At the beginning of period	Changes			At the end of period	Remarks
			Acquired (+)	Disposed (-)	Retired (-)		
<b>Direct acquisition pursuant to article 165-2 of the Financial Investment Services and</b>	Common shares	4,704,828	179,200**		448,000	4,436,028	

<b>Capital Markets Act of Korea ( FSCMA )</b>	Preferred shares				
<b>based on reasons other than those stipulated in Article 165-2 of the FSCMA</b>	Common shares	77,970	4***		77,974
	Preferred shares				
<b>Sub-total</b>	Common shares	4,782,798	179,204	448,000	4,514,002*
	Preferred shares				
<b>Indirect acquisition through trust and other agreements</b>	Common shares	3,886,710			3,886,710
	Preferred shares				
<b>Total</b>	Common shares	8,669,508	179,204	448,000	8,400,712
	Preferred shares				

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\* Among 4,514,002 shares directly acquired by us, 1,999,997 shares were deposited with the Korea Securities Depository as of December 31, 2009 for issuance upon conversion of the overseas convertible bonds.

\*\* These 179,200 shares were purchased with retained earnings and were retired on January 9, 2009.

\*\*\* These 4 shares were due to the purchases of fractional shares.

## (2) Retirement of Treasury Stock

(Unit: in millions of Won, Shares)

Retired Date	Retirement Purpose	Type of Share	Quantity Retired (shares)	Monetary Amount Retired (in millions of Won)	Acquisition Period of Retired Shares	Remarks
January 9, 2009	Stabilization of Share Price	Common	448,000	92,476	December 2, 2008 January 7, 2009	
<b>Total</b>		Common Preferred	448,000	92,476		



(3) Execution of Trust Agreements relating to Treasury Stocks, Etc.

(Amounts: in millions of Won)

Category	At Start of Period		Executed (+)		Cancelled (-)		At End of Period		Remark
	Amount	No. of Transactions	Amount	No. of Transactions	Amount	No. of Transactions	Amount	No. of Transactions	
<b>Specified Money Trust</b>	982,000	4					982,000	4	1. Extension Date: Oct. 26, 2007
<b>Trust Contracts with Asset Management Companies</b>									2. Extension Amount: Won 631,200
<b>Acquisition Contracts with Investment Companies</b>									Extension Date: October 29, 2007 Extension Amount: Won 350,800
<b>Total</b>	982,000	4					982,000	4	

**Table of Contents****4. Status of Voting Rights**

(As of December 31, 2009)

(Unit: shares)

Classification	Number of shares	Remarks
<b>Total shares (A)</b>	80,745,711	
	Common share	
	Preferred share	
<b>Number of shares without voting rights (B)</b>	8,400,712	Treasury shares
	Common share	
	Preferred share	
<b>Shares with restricted voting rights under the Korean law (C)</b>		
<b>Shares with reestablished voting rights (D)</b>		
<b>The number of shares with exercisable voting rights (E = A - B - C + D)</b>	72,344,999	
	Common share	
	Preferred share	

**5. Dividends and Others**

## A. Dividends

- (1) Distribution of cash dividends was approved during the 23rd General Meeting of Shareholders held on March 9, 2007.

Distribution of cash dividends per share of Won 7,000 (exclusive of an interim dividend of Won 1,000) was approved.

- (2) Distribution of interim dividends of Won 1,000 was approved during the 283rd Board of Directors Meeting on July 27, 2007.

- (3) Distribution of cash dividends was approved during the 24th General Meeting of Shareholders held on March 14, 2008.

Distribution of cash dividends per share Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (4) Distribution of interim dividends of Won 1,000 was approved during the 295th Board of Directors Meeting on July 18, 2008.

- (5) Distribution of cash dividends was approved during the 25th General Meeting of Shareholders held on March 13, 2009.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (6) Distribution of interim dividends of Won 1,000 was approved during the 305th Board of Directors Meeting on July 23, 2009.



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- (7) Distribution of cash dividends was approved during the 26th General Meeting of Shareholders held on March 12, 2010.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

## B. Dividends for the Last 3 Fiscal Years

(Unit: in millions of Won, except per share value)

<b>Classification</b>	<b>As of and for the year ended December 31, 2009</b>	<b>As of and for the year ended December 31, 2008</b>	<b>As of and for the year ended December 31, 2007</b>
Par value per share (Won)	500	500	500
Net income	1,288,340	1,277,658	1,642,451
Net income per share (Won)	17,808	17,559	22,607
Total cash dividend	680,043	681,996	682,379
Total stock dividends			
Percentage of cash dividend to available income (%)	52.8	53.4	41.5
Cash dividend yield ratio (%)			
Common share	5.6	4.5	3.8
Preferred share			
Stock dividend yield ratio (%)			
Common share			
Preferred share			
Cash dividend per share (Won)			
Common share	9,400	9,400	9,400
Preferred share			
Stock dividend per share (share)			
Common share			
Preferred share			

\* Total cash dividend of Won 680,043 million for the year ended December 31, 2009 includes the total interim dividend amount of Won 72,345 million, and the cash dividend amount per share of Won 9,400 includes the interim cash

dividend  
amount of Won  
1,000.

\* Total cash  
dividend of  
Won  
681,996 million  
for the year  
ended  
December 31,  
2008 includes  
the total interim  
dividend  
amount of Won  
72,793 million,  
and the cash  
dividend  
amount per  
share of Won  
9,400 includes  
the interim cash  
dividend  
amount of Won  
1,000.

\* Total cash  
dividend of  
Won  
682,379 million  
for the year  
ended  
December 31,  
2007 includes  
the total interim  
dividend  
amount of Won  
72,667 million,  
and the cash  
dividend  
amount per  
share of Won  
9,400 includes  
the interim cash  
dividend  
amount of Won  
1,000.

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**Table of Contents****II. BUSINESS****1. Business Overview****A. Industry Characteristics**

As of December 31, 2009, the number of domestic mobile phone subscribers reached 47.9 million and, with more than 98% penetration rate, the Korean mobile communication market can be considered to have reached its maturation stage. However, considering the number of European countries with penetration rates exceeding 100%, additional future growth of the domestic market may be possible.

The Korean mobile communications market continues to improve in the quality of services with the help of advances in network-related technology evidenced by the world's first commercialization of CDMA2000 1x, CDMA 1x EV-DO, and the development of highly advanced handsets that enables the provision of convergence services for multimedia contents, mobile commerce, telematics, satellite Digital Multimedia Broadcasting (DMB), digital home services and other related contents.

**B. Growth Potential**

(Unit: 1,000 persons)

Classification		As of December 31,				
		2009	2008	2007	2006	2005
Number of subscribers	SK Telecom	24,270	23,032	21,968	20,271	19,530
	Others (KT, LGT)	23,675	22,575	21,529	19,926	18,812
	<b>Total</b>	<b>47,944</b>	<b>45,607</b>	<b>43,497</b>	<b>40,197</b>	<b>38,342</b>

(Source: Korea Communications Commission website)

**C. Domestic and Overseas Market Conditions**

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Although demand has primarily been in the domestic market, as the business territory expands to overseas market, the size of overseas sales is expected to grow in the near future. In addition, sales revenue related to data services is expected to increase due to the increasing popularity of smart phones and wireless Internet. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

Historical market share of the Company

(As of December 31, 2009)

(Unit: %)

Classification		As of December 31,			
		2009	2008	2007	2006
Mobile communication services		50.6	50.5	50.5	50.4
Comparative market share					

(As of December 31, 2009)

(Unit: %)

Classification	SK Telecom	KTF	LG Telecom
Market share	50.6	31.3	18.1

(Source: Korea Communications Commission website)

**Table of Contents****2. Major Products & Services**

## A. Updates on Major Products and Services

(Unit: in millions of Won, %)

<b>Business fields Information and communication</b>	<b>Sales type</b>	<b>Item</b>	<b>Specific Usage</b>	<b>Major trademarks</b>	<b>Sales amount (ratio)</b>
	Services	Mobile communication Others	Mobile Phone	NATE, T store and others Others	11,820,202(97.7%) 280,982(2.3%)

## B. Price Fluctuation Trend of Major Products and Services

Based on the Company's Basic Plan for monthly subscription, the basic service fee is Won 13,000 per month and the usage fee is Won 20 per 10 seconds. These rates are the same as the rates for 2007 and 2008. Based on the Company's Standard Plan, launched in April 2008, the basic service fee is Won 12,000 per month and the usage fee is Won 18 per 10 seconds.

**3. Investment Status**

## A. Investment in Progress

(Unit: in 100 millions of Won)

<b>Business field</b>	<b>Classification</b>	<b>Investment period</b>	<b>Subject of investment</b>	<b>Investment effect</b>	<b>Total investments</b>	<b>Amount already invested</b>	<b>Future investment</b>
Network/Common	Upgrade/ New installation	2009	Network, systems and others	Capacity increase and quality improvement; systems improvement	To be determined	17,690	To be determined
<b>Total</b>					To be determined	17,690	To be determined

## B. Future Investment Plan

(Unit: in 100 millions of Won)

<b>Business field</b>	<b>Expected investment amount</b>		<b>Expected investment for each year</b>			<b>Investment effect</b>
	<b>Asset type</b>	<b>Amount</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	
Network/Common	Network, systems and others	17,500	17,500	To be determined	To be determined	Upgrades to the existing services and provision of new services
<b>Total</b>		17,500	17,500	To be determined	To be determined	Upgrades to the existing services and provision of new services

**Table of Contents****4. Revenues**

(Unit: in millions of Won)

Business field Information and communication	Sales type		Item	2009	2008	2007
	Services	Mobile				
		communication	Export			
			Domestic	11,820,202	11,492,832	11,083,821
			Subtotal	11,820,202	11,492,832	11,083,821
		Others	Export	2,339	5,855	4,101
			Domestic	278,643	175,975	197,979
			Subtotal	280,982	181,830	202,080
Total			Export	2,339	5,855	4,101
			Domestic	12,098,845	11,668,807	11,281,800
			Total	12,101,184	11,674,662	11,285,901

**5. Derivative Transactions**

In order to hedge risks related to fluctuations in currency exchange rates and interest rates, the Company enters into currency swap contracts and interest rate swap contracts. The gain or loss generated from the derivatives contracts is recognized as the gains/losses for the current period or other comprehensive income/loss, in accordance with Korean GAAP. Fair value of our derivatives is calculated using the Company's valuation models. In accordance with the derivatives contracts, our estimated gain/loss on the date of expiration is zero.

**A. Currency Swap**

(1) Purpose of Contracts: Hedging of risks related to fluctuations in currency exchange rates and interest rates

**(2) Contract Terms**

Currency swap contract applying cash flow risk hedge accounting

The Company has entered into a currency swap contract with three banks including Citibank in order to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds (face amounts totaling US\$300,000,000) issued on April 1, 2004. As of December 31, 2009, in connection with the unsettled foreign currency swap contract to which the cash flow risk hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 2,401,654,000 (excluding tax effect totaling Won 1,218,425,000 and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling Won 5,557,052,000) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a currency and interest rate swap contract with Calyon to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated floating rate long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of December 31, 2009, in connection with this unsettled currency and interest rate swap contract, an accumulated loss on valuation of derivatives amounting to Won 2,265,307,000 (excluding tax effect totaling Won 197,075,000 and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling Won 21,960 million) was accounted for as accumulated other comprehensive loss.



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In addition, the Company has entered into a currency and interest rate swap contract with two banks including HSBC in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (56-2) with face amounts totaling JPY 12,500,000,000 issued on November 13, 2007. As of December 31, 2009, in connection with this unsettled currency and interest rate swap contracts, an accumulated gain on valuation of derivatives amounting to Won 1,643,534,000 (excluding tax effect totaling Won 1,063,083,000 and foreign exchange translation loss arising from unguaranteed Japanese yen dominated bonds totaling Won 53,824,593,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with two banks including DBS in order to hedge the foreign currency risk and interest rate risk of U.S. dollar denominated floating rate bonds with face amounts totaling US\$150,000,000 issued on November 20, 2008. As of December 31, 2009, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 5,312,772,000 (excluding tax effect totaling Won 1,498,475,000 and foreign exchange translation gain arising from U.S. dollar denominated bonds totaling Won 41,956,410,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with Mizuho Corporate Bank in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (59-2) with face amounts totaling JPY 3,000,000,000 issued on January 22, 2009. As of December 31, 2009, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 2,552,889,000 (excluding tax effect totaling Won 720,045,000 and foreign exchange translation gain arising from unguaranteed Japanese yen dominated bonds totaling Won 8,239,209,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with The Bank of Tokyo-Mitsubishi in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (60-2) with face amounts totaling JPY 5,000,000,000 issued on March 5, 2009. As of December 31, 2009, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 1,673,921,000 (excluding tax effect totaling Won 472,131,000 and foreign exchange translation gain arising from unguaranteed Japanese yen dominated bonds totaling Won 15,460,429,000) was accounted for as accumulated other comprehensive gain.

Currency swap contract to which the hedge accounting is not applied

In addition, the Company has entered into a currency swap contract with three banks including Morgan Stanley to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds (with face amounts totaling US\$400,000,000) issued on July 20, 2007. In connection with this unsettled foreign currency swap contract, a loss on valuation of currency swap of Won 93,038,910,000 and a gain on valuation of currency swap of Won 233,056,428,000 for the years ended December 31, 2009 and December 31, 2008, respectively, were charged to current operations.

B. Interest Rate Swap

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(1) Purpose of Contracts: Hedging of risks related to fluctuations in interest rates

(2) Contract Terms

Interest rate swap contract to which the cash flow risk hedge accounting is applied:

The Company has entered into an interest rate swap contract with Shinhan Bank to hedge the interest rate risk of discounted bill with face amounts totaling Won 200,000 million borrowed on June 29, 2006. As of December 31, 2009, in connection with unsettled interest rate swap contract to which the cash flow risk hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 915,048,000 (excluding tax effect totaling Won 258,090,000) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into an interest rate swap contract with three banks including Nonghyup Bank in order to hedge the interest rate risk of long-term floating rate borrowings (totaling Won 500 billion) borrowed between July 28, 2008 and August 13, 2008. As of December 31, 2009, in connection with unsettled interest rate swap contract to which the cash flow risk hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 10,017,310,000 (excluding tax effect totaling Won 2,825,395,000) was accounted for as accumulated other comprehensive loss.

Interest rate swap contract to which the hedge accounting is not applied

The Company has entered into an interest rate swap contract with two banks including DBS in order to hedge the interest rate risk of floating rate foreign currency bonds with face amounts totaling US\$220,000,000 issued on April 29, 2009. In connection with this unsettled interest rate swap contract, loss on valuation of interest rate swap of Won 3,371,949,000 for the year ended December 31, 2009 was charged to current operations.

**6. Major Contracts**

Category	Vendor	Start Date	Completion Date	Contract Title	Contract Amount (Won 100M)
Service	SK C&C	Jan. 1, 2009	December 31, 2009	2009 IT SM Contract	2,145
Service	TU Media, Ltd.	Jan. 1, 2009	December 31, 2009	2009 Satellite DMB Service Collaboration Contract	1,008
Construction	SK E&C Co., Ltd.	Mar. 19, 2009	December 31, 2009	2009 Cell Site Facility Construction (Seoul Area)	624
Construction	( SK E&C ) SK E&C	Mar. 19, 2009	December 31, 2009	2009 RF Switching Facility Construction (Seoul Area)	490
Construction	SK E&C	Mar. 19, 2009	May 31, 2010	2009 Cell Site Facility Construction (East Area)	462
Service	SK Marketing & Company	July 1, 2009	December 31, 2009	2009 2H Membership Collaboration Program	395
Construction	SK E&C	Mar. 19, 2009	May 31, 2010	2009 Cell Site Facility Construction (Mid Area)	382
Construction	SK E&C	Mar. 19, 2009	December 31, 2009	2009 Wibro Facility Construction (Seoul Area)	336
Subtotal					5,842

\* Selected among contracts exceeding Won 30 billion.



**Table of Contents****7. R&D Investments**

(Unit: in thousands of Won)

Category	For the year ended December 31, 2009	For the year ended December 31, 2008	For the year ended December 31, 2007	Remarks
Raw material	55,194	89,176	96,217	
Labor	47,182,944	38,062,791	39,388,760	
Depreciation	134,200,859	138,511,764	129,208,262	
Commissioned service	69,750,242	85,836,738	90,363,645	
Others	39,592,973	34,539,984	37,609,969	
<b>Total R&amp;D costs</b>	<b>290,782,212</b>	<b>297,040,453</b>	<b>296,666,853</b>	
<b>Sales and administrative</b>				
<b>Accounting expenses</b>	288,997,124	293,443,380	288,519,863	
<b>Development expenses (Intangible assets)</b>	1,785,088	3,597,072	8,146,990	
<b>R&amp;D cost / sales amount ratio (Total R&amp;D costs / Current sales amount×100)</b>	2.40%	2.54%	2.63%	

**8. Other information relating to investment decisions****A. Trademark Policies**

The Company manages its corporate brand and other product brands such as T in a comprehensive way to protect and increase their value.

The Company's Brand Management Council in charge of overseeing its systematic corporate branding operates full time to execute decisions involving major brands and operates Brandnet, an intranet system to manage corporate brands which provides solutions including licensing of the brands and downloading of the Company logos.

**B. Business-related Intellectual Properties**

The Company owns intellectual property rights to the design of alphabet T. The rights are based on domestic trademark laws and the Company has proprietary and exclusive use of the trademark for 10 years and the rights are renewable. The designed alphabet T is registered in all business categories (total of 45) and is being used as the primary brand of the Company.



**Table of Contents****2. Summary Financial Information (Consolidated)**

(Unit: in millions of Won)

Classification / Fiscal Year	As of and for the year ended December 31,				
	2009	2008	2007	2006	2005
<b>Current assets</b>	6,370,631	5,422,447	4,813,072	4,663,962	4,598,580
<b>Quick assets</b>	6,250,741	5,387,473	4,766,020	4,644,184	4,590,796
<b>Inventory</b>	119,890	34,974	47,052	19,778	7,784
<b>Non-current assets</b>	16,835,625	17,051,224	14,235,863	11,576,006	10,106,193
<b>Investments</b>	3,059,902	4,025,429	5,446,711	3,236,783	1,989,934
<b>Property and Equipment</b>	8,165,879	7,437,689	4,969,353	4,507,335	4,663,369
<b>Intangible assets</b>	3,992,325	3,978,145	3,433,962	3,518,411	3,452,889
<b>Other non-current assets</b>	1,617,519	1,609,961	385,836	313,477	
<b>Total assets</b>	23,206,256	22,473,671	19,048,935	16,239,968	14,704,772
<b>Current liabilities</b>	4,894,936	4,628,821	3,016,874	3,208,416	2,863,373
<b>Non-current liabilities</b>	5,966,695	6,020,410	4,344,428	3,548,464	3,513,860
<b>Total liabilities</b>	10,861,631	10,649,231	7,361,302	6,756,880	6,377,233
<b>Capital</b>	44,639	44,639	44,639	44,639	44,639
<b>Capital surplus</b>	3,031,947	2,958,854	2,956,106	2,950,327	2,954,840
<b>Capital adjustment</b>	-2,746,885	(-)2,159,389	(-)2,072,723	(-)2,019,567	(-)2,048,515
<b>Other Cumulative Profit/Loss</b>	915,306	356,192	1,591,258	490,010	
<b>Retained earnings</b>	9,909,752	9,448,185	8,914,970	7,847,434	7,267,649
<b>Total stockholders equity</b>	12,344,625	11,824,440	19,048,935	9,483,088	8,327,540
<b>Sales</b>	14,555,465	13,995,924	11,863,357	11,027,977	10,721,820
<b>Operating Profit (or Loss)</b>	1,878,544	1,755,268	2,101,955	2,621,132	2,670,616
<b>Profit (or Loss) from continuing operation before tax</b>	1,400,498	1,260,366	2,285,765	2,021,578	2,561,567
<b>Current Period's Net Profit</b>	1,055,606	972,338	1,562,265	1,449,552	1,868,307
<b>Net income attributable to majority interests</b>	1,247,182	1,215,719	1,648,876	1,451,491	1,872,978
<b>Number of Consolidated Companies</b>	29	35	26	18	17

\* See the attached Korean GAAP Consolidated Financial Statements.

**Table of Contents****IV. AUDITOR'S OPINION****1. Auditor**

<b>2009</b> Deloitte Anjin LLC	<b>Year ended December 31, 2008</b> Deloitte Anjin LLC	<b>2007</b> Deloitte Anjin LLC
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**2. Audit Opinion**

Term	Auditor's opinion	Issues noted
Year ended December 31, 2009	Unqualified	
Year ended December 31, 2008	Unqualified	
Year ended December 31, 2007	Unqualified	

**3. Remuneration for Independent Auditors for the Past Three Fiscal Years****A. Audit Contracts**

(Unit: in thousands of Won)

Term	Auditors	Contents	Fee	Total hours
<b>Year ended December 31, 2009</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,308,356	13,982
<b>Year ended December 31, 2008</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,310,097	13,346
<b>Year ended December 31, 2007</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,066,318	11,468

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## B. Non-Audit Services Contract with External Auditors

(Unit: in thousands of Won)

<b>Term</b>	<b>Contract date</b>	<b>Service provided</b>	<b>Service duration</b>	<b>Fee</b>
<b>Year ended December 31, 2009</b>	May 13, 2009	Tax consulting	30 days	40,000
	May 22, 2009	Tax consulting	10 days	10,000
	May 22, 2009	Tax adjustment for fiscal year 2008	20 days	34,000
	May 22, 2009	Review of deferred corporate income tax for 1Q and 2Q	10 days	14,000
	September 14, 2009	Review of quarterly tax adjustments	5 days	7,000
	September 14, 2009	Tax consulting	20 days	20,000
	December 12, 2009	Review of quarterly tax adjustments	5 days	7,000
<b>Year ended December 31, 2008</b>	December 12, 2009	Tax consulting	10 days	12,000
	November 20, 2007	Set up services for agency tax manual	60 days	48,000
	March 3, 2008	Tax adjustment for fiscal year 2007	10 days	33,000
	May 15, 2008	Tax consulting	5 days	7,500
	June 24, 2008	Foreign tax consulting re indirect taxes	4 days	6,000
	August 13, 2008	Tax consulting	10 days	9,400
	November 1, 2008	Tax consulting	4 days	5,000
	November 19, 2008	Tax consulting	10 days	10,800
	November 19, 2008	Review of deferred corporate income tax for 1Q and 2Q	10 days	18,000
	December 24, 2008	Review of deferred corporate income tax for 3Q	3 days	6,000
<b>Year ended December 31, 2007</b>	December 24, 2008	Tax consulting	3 days	3,600
	December 24, 2008	Tax consulting	3 days	3,000
	March 30, 2007	Tax adjustment for fiscal year 2006	10 days	30,000
	September 28, 2007	Tax consulting for denial of deductions for corporate income tax	1 day	2,000
	September 28, 2007	Review of deferred corporate income tax for 1Q and 2Q	6 days	10,000



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September 28, 2007	Tax consulting	5 days	9,000
December 31, 2007	Review of deferred corporate income tax for 3Q	2 days	5,000
December 31, 2007	Tax consulting	3 days	3,000

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Table of Contents**V. MANAGEMENT DISCUSSION AND ANALYSIS****1. BUSINESS RESULTS (NON-CONSOLIDATED)**

(Unit: in billions of Won)	<b>2009</b>	<b>2008</b>	<b>Change from 2008 to 2009</b>	<b>2008</b>	<b>2007</b>	<b>Change from 2007 to 2008</b>
<b>Sales</b>	12,101	11,675	4%	11,675	11,286	3%
<b>Operating expense</b>	9,922	9,615	3%	9,615	9,114	5%
<b>Operating income</b>	2,179	2,060	6%	2,060	2,172	-5%
<b>Operating Margin</b>	18.00%	17.60%	0.4%p	17.60%	19.20%	-1.6%p
<b>Other gain</b>	786	1,015	-23%	1,015	851	19%
<b>Other loss</b>	1,308	1,569	-17%	1,569	715	119%
<b>Income from continuing operation before tax</b>	1,657	1,506	10%	1,506	2,308	-35%
<b>Net income</b>	1288	1278	1%	1278	1642	-22%
<b>Net income margin</b>	10.60%	10.90%	-0.3%p	10.90%	14.60%	-3.6%p
<b>EBIDTA</b>	4,209	4,003	5%	4,003	4,024	-1%
<b>EBIDTA margin</b>	34.80%	34.30%	0.5%p	34.30%	35.70%	-1.4%p

**2. ANALYSIS OF OPERATING DATA**

	<b>2009</b>	<b>2008</b>	<b>Change from 2008 to 2009</b>	<b>2008</b>	<b>2007</b>	<b>Change from 2007 to 2008</b>
<b>Subscribers (in thousands)</b>	24,270	23,032	5%	23,032	21,968	5%
<b>Net subscriber additions</b>	1,238	1,064	16%	1,064	1,697	-37%
<b>Activations</b>	8,822	8,493	4%	8,493	8,345	2%
<b>Deactivations</b>	7,584	7,429	2%	7,429	6,648	12%
<b>Monthly churn rate</b>	2.60%	2.70%	-0.1%p	2.70%	2.50%	0.2%p
<b>Average subscribers (in thousands)</b>	23,745	22,617	5%	22,617	21,175	7%
<b>Average revenue per user (ARPU) (Won)</b>	42,469	43,016	-1%	43,016	44,416	-3%
<b>Sign-up fees</b>	1,417	1,474	-4%	1,474	1,526	-3%
<b>Monthly fees &amp; call charges</b>	26,038	26,802	-3%	26,802	26,469	1%
<b>Value-added &amp; other service fees</b>	1,382	1,269	9%	1,269	1,124	13%
<b>Wireless Internet</b>	9,334	8,982	4%	8,982	11,035	-19%
<b>Interconnection</b>	4,298	4,490	-4%	4,490	4,262	5%
<b>Minutes of usage (MOU) (Minutes)</b>						
<b>Outgoing</b>	197	200	-1%	200	201	-1%
<b>Incoming</b>	103	108	-5%	108	108	0%

In 2009, the Company reached a subscriber number of approximately 24 million and revenue of Won 12.1 trillion, despite rapid changes in the management environment, including a merger of a competitor. The Company's marketing

expenses in 2009 increased by 6.1% to Won 3.25 trillion from 2008, due to increased competition, although the increase was subdued in the second half of 2009. The Company's marketing expenses amounted to 26.9% of its

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total revenues. In 2009, the Company's operating income was Won 2.18 trillion and net income was Won 1.29 trillion. The Company spent Won 1.77 trillion for capital expenditures in 2009, which were used to expand and upgrade the Company's WCDMA network, among others.

As of the end of 2009, the Company's share of the Korean wireless market based on the number of subscribers was 50.6%. The Company plans to establish its leadership among users of smart phones by introducing various mobile platforms and streamlining the subscription process and pricing structures to enable subscribers to easily access their mobile content from multiple devices. The Company also plans to maintain its leadership in wireless Internet market by providing innovative user interface for content access and through investment in data networks, network sharing and support of the content production.

In 2009, the Company strengthened its wireless and fixed-line telecommunications businesses, as well as enhancing its competitive strengths in new convergence businesses through the acquisition of shares of Hana Card and the growth of T Store and 11th Street in its efforts to create new growth engines. Leveraging its technological leadership, the Company expanded its services to corporate clients in addition to its individual subscribers and continued to build the groundwork for global business opportunities.

**3. ANALYSIS OF OPERATING REVENUE**

			<b>Change from 2008 to</b>			<b>Change from 2007 to 2008</b>
(Unit: in billions of Won)	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>
<b>Sign-up fees</b>	404	400	1%	400	388	3%
<b>Monthly fees</b>	4,161	3,591	16%	3,591	2,969	21%
<b>Call charges</b>	3,259	3,683	-12%	3,683	3,757	-2%
<b>Value-added &amp; other service fees</b>	394	344	14%	344	286	20%
<b>Wireless Internet</b>	2,660	2,438	9%	2,438	2,804	-13%
<b>% of Cellular service</b>	24.5%	23.4%	1.1%p	23.4%	27.5%	-4.1%p
<b>Total Cellular service</b>	10,877	10,456	4%	10,456	10,203	2%
<b>Interconnection revenue</b>	1,225	1,218	1%	1,218	1,083	13%
<b>Land to Mobile</b>	451	473	-5%	473	431	10%
<b>Mobile to Mobile</b>	774	745	4%	745	652	14%
<b>Total operating revenue</b>	12,101	11,675	4%	11,675	11,286	3%

Sign-up fees increased in each of 2009 and 2008 from the previous year due to an increase in new subscribers. Monthly fees increased in each of 2009 and 2008 from the previous year primarily as a result of an increase in the average subscriber base and increased subscription to service plans with higher monthly basic charges. Call charges decreased in 2009 from the previous year due primarily to increased subscription to call plans with higher monthly basic charges and lower call charges. Call charges decreased in 2008 from the previous year due primarily to increased subscription to various discount call plans. Revenues from value-added and other services increased in each of 2009 and 2008 from the previous year mainly due to increases in revenues from roaming services and leased line business. Wireless Internet revenue increased in 2009 from the previous year due primarily to increased subscription to fixed-price data plans. Wireless Internet revenue decreased in 2008 from the previous year due among others to the reduction of the SMS usage charges. Interconnection revenue increased in each of 2009 and 2008 from the previous year due primarily to an increase in interconnection traffic volume resulting from the increase in the average subscriber base.

**4. ANALYSIS OF OPERATING EXPENSES**

			<b>Change from</b>		<b>Change from</b>
(Unit: in billions of Won)	<b>2009</b>	<b>2008</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>

			<b>2008 to 2009</b>			<b>2007 to 2008</b>
<b>Labor cost</b>	520	477	9%	477	496	-4%
<b>Commissions paid</b>	4,595	4,419	4%	4,419	4,036	10%
<b>Marketing commissions</b>	2,985	2,763	8%	2,763	2,549	8%

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			Change from 2008 to			Change from 2007 to 2008
(Unit: in billions of Won)	2009	2008	2009	2008	2007	2008
<b>Initial commissions</b>	1,834	1,677	9%	1,677	1,653	1%
<b>Monthly commissions</b>	430	388	11%	388	365	6%
<b>Retention commissions</b>	721	698	3%	698	531	31%
<b>Other commissions</b>	1,610	1,656	-3%	1,656	1,487	11%
<b>Advertising</b>	265	301	-12%	301	305	-1%
<b>Depreciation</b>	2,030	1,943	4%	1,943	1,852	5%
<b>Network interconnection</b>	1,068	1,039	3%	1,039	998	4%
<b>Mobile to Mobile</b>	850	821	3%	821	785	5%
<b>Land to Mobile</b>	219	218	0%	218	213	2%
<b>Leased line</b>	333	391	-15%	391	389	1%
<b>Others</b>	1,111	1,044	6%	1,044	1,038	1%
<b>Total operating expenses</b>	9,922	9,615	3%	9,615	9,114	5%

Labor costs increased in 2009 from the previous year due among others to a change of bonus payment dates. Labor costs decreased in 2008 from the previous year due primarily to the incurrence in 2007 of a non-recurring expense related to the sale of the treasury shares to the employee stock ownership association. In 2009, marketing commissions increased from the previous year due primarily to an increase in initial commissions as a result of competitive market conditions in the first half of 2009 and an increase in new subscribers, and other commissions decreased from the previous year due among others to a decrease in expenses related to long-term accounts receivable for handsets sold on installment payment plans. In 2008, marketing commissions increased from the previous year due primarily to an increase in retention commissions and an increase in monthly commissions resulting from an increase in average subscriber base, and other commissions increased from the previous year due primarily to increases in commissions paid in connection with the roaming services and in expenses related to long-term accounts receivable for handsets sold on installment payment plans.

Advertising costs decreased in 2009 from the previous year due to the reduction of media advertisements. Depreciation expenses increased in 2009 from the previous year due principally to the acquisition of SK Networks leased-line business. Depreciation expenses increased in 2008 from the previous year due primarily to the high level of capital expenditures related to expansion and upgrade of WCDMA network and WiBro network. Interconnection revenues increased in each of 2009 and 2008 from the previous year due among others to an increase in mobile-to-mobile interconnection traffic volume.

**5. ANALYSIS OF NON-OPERATING INCOME / EXPENSES**

			Change from 2008 to			Change from 2007 to 2008
(Unit: in billions of Won)	2009	2008	2009	2008	2007	2008
<b>Non-operating income</b>	786	1,015	-23%	1,015	851	19%
<b>Interest income</b>	157	107	47%	107	77	39%
<b>Gains on valuation of equity method investments</b>	64	42	53%	42	267	-84%
<b>Others</b>	566	866	-35%	866	507	71%
<b>Non-operating expenses</b>	1,308	1,569	-17%	1,569	715	119%
<b>Interest expenses</b>	305	256	19%	256	216	19%
<b>Gains on valuation of equity method investments</b>	295	259	14%	259	249	4%

<b>Research &amp; development and other contributions</b>	126	172	-26%	172	146	17%
<b>Others</b>	582	883	-34%	883	104	751%

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Interest income increased in each of 2009 and 2008 from the previous year due primarily to the interest income from accounts receivable for handsets sold on installment payment plans. Interest expenses increased in 2008 from the previous year due primarily to increases in average balance of the borrowings and lending cost. Net gains on valuation of equity method investments decreased in 2009 from the previous year due among others to the reflection of real value of the Company's Vietnam business, and decreased in 2008 from the previous year due among others to the reflection in 2007 of a non-recurring gain from SK Energy shares owned by SK C&C. In 2008, other non-operating income increased from the previous year due primarily to increases in foreign exchange translation gains and gains on valuation of derivatives, and other non-operating expenses increased from the previous year due primarily to increases in foreign exchange translation losses and losses on valuation of derivatives, as well as an impairment loss on the investment in LG Powercom.

**6. ANALYSIS OF FINANCIAL CONDITION (NON-CONSOLIDATED)**

	As of December 31, 2009	As of December 31, 2008	Change from 2008 to 2009	As of December 31, 2008	As of December 31, 2007	Change from 2007 to 2008
(Unit: in billions of Won)						
<b>Current assets</b>	4,983	3,991	24.9%	3,991	4,094	-2.5%
<b>Quick assets</b>	4,960	3,977	24.7%	3,977	4,075	-2.4%
<b>Cash and cash equivalent</b>	421	434	-3.1%	434	576	-24.6%
<b>Short-term financial instruments</b>	178	98	80.9%	98	79	24.0%
<b>Short-term investment securities</b>	370	370	0.1%	370	734	-49.6%
<b>Accounts receivable</b>	1,700	1,635	4.0%	1,635	1,680	-2.7%
<b>Allowance for doubtful accounts</b>	-143	-58	144.3%	-58	-60	-2.0%
<b>Inventory</b>	23	14	62.7%	14	19	-25.4%
<b>Non-current assets</b>	14,315	14,627	-2.1%	14,627	14,038	4.2%
<b>Investments</b>	5,108	5,668	-9.9%	5,668	5,940	-4.6%
<b>Property and Equipment</b>	5,197	4,698	10.6%	4,698	4,594	2.3%
<b>Intangible assets</b>	2,666	2,942	-9.4%	2,942	3,175	-7.3%
<b>Other non-current assets</b>	1,344	1,319	1.9%	1,319	329	300.9%
<b>Total assets</b>	19,298	18,617	3.7%	18,617	18,133	2.7%
<b>Current liabilities</b>	3,295	3,412	-3.5%	3,412	2,485	37.3%
<b>Short-term borrowings</b>		155	-100.0%	155		
<b>Accounts payable</b>	1,136	1,040	9.3%	1,040	1,113	-6.6%
<b>Current portion of long-term debt</b>	515	698	-26.2%	698	412	69.7%
<b>Non-current liabilities</b>	4,762	4,476	6.4%	4,476	4,221	6.0%
<b>Bonds payable</b>	3,491	2,943	18.6%	2,943	2,329	26.4%
<b>Long-term borrowings</b>	817	826	-1.1%	826	294	181.0%
<b>Total liabilities</b>	8,056	7,888	2.1%	7,888	6,706	17.6%
<b>Capital</b>	45	45	0.0%	45	45	0.0%
<b>Capital surplus</b>	3,032	2,957	2.5%	2,957	2,955	0.1%
<b>Capital adjustment</b>	-2,708	-2,148	26.1%	-2,148	-2,072	3.6%
	914	374	144.5%	374	1,594	-76.6%



**Other Cumulative Profit  
and Loss**

<b>Retained earnings</b>	9,959	9,501	4.8%	9,501	8,906	6.7%
<b>Total stockholders equity</b>	11,241	10,729	4.8%	10,729	11,427	-6.1%
<b>Total liabilities and stockholders equity</b>	19,298	18,617	3.7%	18,617	18,133	2.7%

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The Company's cash and short-term financial instruments increased in 2009 from the end of the previous year due primarily to the sale in 2009 of shares of SK C&C and China Unicom. Investment assets decreased in 2009 from the end of the previous year due among others to the sale of shares of China Unicom. In 2008, cash and cash equivalents decreased from the end of the previous year due primarily to the acquisition of Hanaro Telecom shares in 2008, and other non-current assets increased as a result of an increase in receivables related to the sales of handsets on installment payment plans. Debt-to-equity ratio declined in 2009 from the end of the previous year due to the repayment of borrowings and an increase in capital. Debt-to-equity ratio increased in 2008 from the end of the previous year primarily as a result of the acquisition of Hanaro Telecom shares in early 2008 and an increase in borrowings related to the sales of handsets on installment payment plans in the second half of 2008. Stockholders equity increased in 2009 from the end of the previous year due among others to an increase in retained earnings. Stockholders' equity decreased in 2008 from the end of the previous year due principally to losses on the valuation of investment securities.

**7. ANALYSIS OF LIQUIDITY AND SOLVENCY**

The Company's debt-to-equity ratio (calculated based on the interest-bearing financial debt) was 25.1%, 41.4% and 40.3% as of the end of 2007, 2008 and 2009, respectively. Interest coverage ratio was 15.7, 13.8 and 14.8 for 2007, 2008 and 2009, respectively. The Company had sufficient liquidity to repay short-term borrowings.

**8. FINANCING**

In 2009, the Company issued or borrowed Won 270 billion of Won-denominated bonds, Won 590 billion of Won-denominated long-term borrowings and US\$220 million of floating rate notes. In 2008, the Company issued or borrowed Won 700 billion of Won-denominated bonds, Won 500 billion of Won-denominated long-term borrowings and US\$150 million of floating rate notes.

**VI. CORPORATE ORGANIZATION INCLUDING BOARD OF DIRECTORS AND AFFILIATED COMPANIES****1. Board of Directors****A. Overview of Board of Directors Composition**

The Company's Board of Directors is comprised of eight members: five independent directors and three inside directors. Within the Board, there are five Committees: Independent Director Nomination Committee, Audit Committee, Compensation Committee, CapEx Review Committee, and Corporate Citizenship Committee.

**B. (1) Significant Activities of the Board of Directors**

<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
<b>300<sup>th</sup> (the first meeting of 2009)</b>	January 22, 2009	Financial Statements for the year ended December 31, 2008 Annual Business Report for the year ended December 31, 2008 Annual Business Plan and Budgeting for FY 2009 Issuance of Corporate Bonds	Approved as proposed Approved as proposed Approved as proposed Approved as proposed
<b>301<sup>st</sup> (the second meeting of 2009)</b>	February 17, 2009	Convocation of the 25 <sup>th</sup> General Meeting of Shareholders Partnership Agreement with Offshore Private Equity Fund	Approved as proposed Approved as proposed

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<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
<b>302<sup>nd</sup> (the third meeting of 2009)</b>	March 13, 2009	Election of the Representative Director Revision to the Regulations for the Board of Directors Appointment of Chairman of the Board of Directors Long-term Financing Plan for Foreign Currency Issuance of Offshore Convertible Bonds and Transfer of Treasury Shares in relation thereto Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed Approved as proposed Approved as proposed Approved as proposed Approved as proposed
<b>303<sup>rd</sup> (the fourth meeting of 2009)</b>	May 21, 2009	Election of Committee Members Resolution on Business Acquisition from SK Networks Resolution on Purchase of Investment Securities (SK Broadband)	Approved as proposed Approved as proposed Approved as proposed
<b>304<sup>th</sup> (the fifth meeting of 2009)</b>	June 19, 2009	Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed
<b>305<sup>th</sup> (the sixth meeting of 2009)</b>	July 23, 2009	Proposal for Interim Dividend	Approved as proposed
<b>306<sup>th</sup> (the seventh meeting of 2009)</b>	August 14, 2009	Revision of Accounting Principles	Approved as proposed
<b>307<sup>th</sup> (the eighth meeting of 2009)</b>	September 18, 2009	Asset Management Transaction with Affiliated Company (SK Securities) Sale of SK C&C Shares	Approved as proposed Approved as proposed
<b>308<sup>th</sup> (the ninth meeting of 2009)</b>	September 25, 2009	Sale of China Unicom Shares	Approved as proposed
<b>309<sup>th</sup> (the tenth meeting of 2009)</b>	October 16, 2009	Strategic Alliance relating to China Cyworld  Purchase of Hana Card s shares	Approved as proposed  Approved as proposed

**310<sup>th</sup> (the  
eleventh  
meeting of  
2009)**

December 14,  
2009

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<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
<b>311<sup>th</sup> (the twelfth meeting of 2009)</b>	December 18, 2009	Annual Business Plan for FY 2010 Asset Management Transaction with Affiliated Company (SK Securities) Investment in Jinma u-City (China) Project	Approved as proposed Approved as proposed
(2) Independent Directors	Activities at the Board of Directors	Meetings	Approved as proposed

<b>Meetings</b>	<b>Dates</b>	<b>Independent Directors Attended</b>	<b>Description</b>
<b>The first meeting of 2009 (300<sup>th</sup>)</b>	January 22, 2009	5 / 5	
<b>The second meeting of 2009 (301<sup>st</sup>)</b>	February 17, 2009	5 / 5	
<b>The third meeting of 2009 (302<sup>nd</sup>)</b>	March 13, 2009	5 / 5	
<b>The fourth meeting of 2009 (303<sup>rd</sup>)</b>	May 21, 2009	5 / 5	
<b>The fifth meeting of 2009 (304<sup>th</sup>)</b>	June 19, 2009	5 / 5	
<b>The sixth meeting of 2009 (305<sup>th</sup>)</b>	July 23, 2009	4 / 5	
<b>The seventh meeting of 2009 (306<sup>th</sup>)</b>	August 14, 2009	5 / 5	
<b>The eighth meeting of 2009 (307<sup>th</sup>)</b>	September 18, 2009	5 / 5	
<b>The ninth meeting of 2009 (308<sup>th</sup>)</b>	September 25, 2009	5 / 5	
<b>The tenth meeting of 2009 (309<sup>th</sup>)</b>	October 16, 2009	5 / 5	
<b>The eleventh meeting of 2009 (310<sup>th</sup>)</b>	December 14, 2009	5 / 5	
<b>The twelfth meeting of 2009 (311<sup>th</sup>)</b>	December 18, 2009	5 / 5	

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## C. Committees within Board of Directors

## (1) Committee Structure

## a) Independent Director Nomination Committee

(As of December 31, 2009)

Number of Persons	Members		Remarks
	Inside Directors	Independent Directors	
4	Man Won Jung, Sung Min Ha	Rak Yong Uhm, Jae Ho Cho	

\* The Independent Director Nomination Committee is a committee established under the provisions of the Articles of Incorporation and Korean Commercial Code.

b) Audit Committee  
(As of December 31, 2009)

Number of Persons	Members		Remarks
	Inside Directors	Independent Directors	
3		Dal Sup Shim, Hyun Chin Lim, Jae Ho Cho	

\* The Audit Committee is a committee established under the provisions of the Articles of Incorporation and Korean Commercial Code.

c) Compensation Review Committee  
(As of December 31, 2009)

Number of Persons	Members	
	Inside Directors	Independent Directors
5		Dal Sup Shim, Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho
<p>* The Compensation Review Committee is a committee established by the resolution of the Board of Directors.</p> <p>d) Capex Review Committee (As of December 31, 2009)</p>		

Number of Persons	Members		Remarks
	Inside Directors	Independent Directors	
4	Sung Min Ha	Dal Sup Shim, Rak Yong Uhm, Jay Young Chung	
<p>* The Capex Review Committee is a committee established by the resolution of the Board of Directors.</p> <p>e) Corporate Citizenship Committee</p>			

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(As of December 31, 2009)

Number of Persons	Members		Remarks
	Inside Directors	Independent Directors	
4	Sung Min Ha	Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung	

\* The Corporate Citizenship Committee is a committee established by the resolution of the Board of Directors.

(2) Activities of the Committees of the Board of Directors (As of December 31, 2009)

Committee Name	Date of Activity	Agenda	Approval	Independent Directors	
				Dal Sup Shim (Attendance: 100%)	Hyun Chin Lim (Attendance: 100%)
Independent Director Nomination Committee	February 17, 2009	25th General Meeting of Shareholders: Proposal to nominate an Independent Director Hyun Chin Lim	Approved as Proposed	For	For
	June 19, 2009	Proposal to nominate the Chairman of Committee Man Won Jung	Approved as Proposed	For	For

  

Committee Name	Date of Activity	Agenda	Approval	Independent Directors		
				Dal Sup Shim (Attendance: 100%)	Rak Yong Uhm (Attendance: 100%)	Jay Yung Chung (Attendance: 100%)
CapEx Committee	January 21, 2009	CapEx plan for 2009	Approved as proposed	For	For	For
	June 19, 2009	Proposal to nominate the Chairman of Committee	Approved as proposed	For	For	For



Rak Yong  
Uhm

December 18, 2009      CapEx plan for 2010      Approved as proposed      For      For      For

**Independent Directors**

<b>Committee Name</b>	<b>Date of Activity</b>	<b>Agenda</b>	<b>Approval</b>	<b>Independent Directors</b>				
				<b>Dal Sup Shim (Attendance: 100%)</b>	<b>Rak Yong Uhm (Attendance: 100%)</b>	<b>Hyun Chin Lim (Attendance: 100%)</b>	<b>Jay Yung Chung (Attendance: 100%)</b>	<b>Jae Ho Cho (Attendance: 100%)</b>
Compensation Review Committee	June 19, 2009	Proposal to nominate the Chairman of Committee Hyun Chin Lim	Approved as proposed	For	For	For	For	For

**Independent Directors**

<b>Committee Name</b>	<b>Date of Activity</b>	<b>Agenda</b>	<b>Approval</b>	<b>Independent Directors</b>		
				<b>Rak Yong Uhm (Attendance: 100%)</b>	<b>Hyun Chin Lim (Attendance: 100%)</b>	<b>Jay Yung Chung (Attendance: 100%)</b>
Corporate Citizenship Committee	June 19, 2009	Proposal to nominate the Chairman of Committee Jay Young Chung	Approved as proposed	For	For	For

**Table of Contents****D. Directors Independence**

On February 19, 2010, in the notice of the annual General Meeting of Shareholders, background information on Cho, Ki Haeng, a candidate for inside director, and Shim, Dal Sup and Chung, Jay Young, candidates for independent directors, was publicly disclosed. There was no other nomination by shareholders. For the election of independent directors, the Company has established the Independent Director Nomination Committee, which is currently in operation. In the meeting of the Independent Director Nomination Committee held on February 11, 2010, the Committee nominated the independent director candidates.

The Independent Director Nomination Committee. (As of December 31, 2009)

<b>Name</b>	<b>Independent Director</b>	<b>Remarks</b>
Man Won Jung	No	During the 30 <sup>th</sup> meeting of the Board of the Directors held on May 21 <sup>st</sup> , 2009, the Independent Director Nomination Committee was established.
Sung Min Ha	No	
Rak Yong Uhm	Yes	Director Shin Bae Kim submitted his resignation on March 13, 2009.
Jae Ho Cho	Yes	Director Man Won Jung was elected on May 21, 2009.

**2. Audit System**

The Company's Audit Committee consists of three independent directors, Dal Sup Shim, Hyun Chin Lim and Jae Ho Cho.

Major activities of the Audit Committee are as follows.

<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>	<b>Remarks</b>
The first meeting of 2009	January 21, 2009	Issuance of corporate bonds B2B Contract with TU Media Evaluation of Internal Accounting Controls based on the opinion of the members of Audit Committee 2 <sup>nd</sup> half 2008 Management Audit Results Reports on Internal Accounting Management system	Approved as proposed Approved as proposed	
The second meeting of 2009	February 16, 2009	Reports on 2008 Korean GAAP Audit Report on Review of Internal Accounting Management System 2009 Management Audit Plan Auditor's Report for Fiscal Year 2008 Evaluation of Internal Accounting Management System Operation Appointment of Auditor for FY 2009-2011 Construction of Mobile Phone Facilities for 2009	Approved as proposed Approved as proposed Approved as proposed Approved as proposed	
The third meeting of 2009	March 13, 2009	Purchase of Mobile Phone Relay Device for 2009 Construction of Mobile Phone Facilities for 2009 2009 2Q Transactions with SK C&C Co., Ltd.	Approved as proposed Approved as proposed Approved as proposed	

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Long-term Financing Plan for Foreign  
Currency  
Issuance of Offshore Convertible Bonds  
and Transfer of Treasury Shares  
Asset Management Transaction with  
Affiliated Company (SK Securities)

The fourth meeting of 2009	April 23, 2009	Audit Plan for 2009 Auditor Fees for 2009 Re-approval of entire Auditor Services for 2009	Approved as proposed Approved as proposed
The fifth meeting of 2009	May 19, 2009	Proposal for entering into an Agency Agreement with SK Marketing & Company for 2009	Approved as proposed

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<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>	<b>Remarks</b>
The sixth meeting of 2009	June 19, 2009	Proposal to nominate the Chairman of the Committee	Approved as proposed	
		Proposal for purchase of Mobile Phone Relay Device for 2009	Approved as proposed	
		Proposal for construction of Mobile Phone Facilities for 2009	Approved as proposed	
		Proposal for 2009 3Q transactions with SK C&C Co., Ltd.	Approved as proposed	
		Asset Management Transaction with Affiliated Company (SK Securities) Reports on 2008 US GAAP Audit		
The seventh meeting of 2009	July 23, 2009	Proposal for Operation Services of T map Navigation Interim Dividends Plan Interim Closing of Accounts for Six Months ended 2009	Approved as proposed	
The eighth meeting of 2009	August 13, 2009	Construction of Mobile Phone Facilities for 2009	Approved as proposed	
		Purchase of Mobile Phone Relay Device for 2009	Approved as proposed	
		Amendment of the leasing contract of electronic telecommunication facilities	Approved as proposed	
		Reports on internal accounting management system for the 1 <sup>st</sup> half of 2009		
		Revision of accounting rules Management audit results for the 1 <sup>st</sup> half of 2009		
The ninth meeting of 2009	September 17, 2009	Transactions with SK C&C in the 4 <sup>th</sup> quarter of 2009 Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed	
The tenth meeting of 2009	October 15, 2009	Agency agreement relating to outdoor advertisements	Approved as proposed	
The eleventh meeting of 2009	November 18, 2009	Increase of Auditor Fees for 2009	Approved as proposed	
		Purchase of Mobile Phone Relay Device for 2009	Approved as proposed	
		Construction of Mobile Phone Facilities for 2009	Approved as proposed	
		Construction of Network Facilities Service Contract for Fixed-line Network	Approved as proposed Approved as proposed	

The twelfth meeting of 2009	December 17, 2009	2010 1Q Transactions with SK C&C Co., Ltd.	Approved as proposed
		Service contract with SKT (China) Holding Co., Ltd	Approved as proposed
		Service contract with SK Telecom Americas, Inc.	Approved as proposed
		Assignment of accounts receivable collection and billing	Approved as proposed
		2010 integrated loyalty marketing plan and agency agreement with SK Marketing & Company	Approved as proposed
		B2B contract with TU media	Approved as proposed
		Service contract with respect to handset customer service	Approved as proposed
		Lease of telecommunications equipment	Approved as proposed
		Service contract for T Map operation	Approved as proposed
		Asset Management Transaction with Affiliated Company (SK Securities)	

\* The line items that do not show approval are for reporting purpose only.

### 3. Shareholders Exercises of Voting Rights

#### A. Voting System and Exercise of Minority Shareholders Rights

Pursuant to the Articles of Incorporation as shown below, the cumulative voting system was first introduced in the General Meeting of Shareholders in 2003.

Articles of Incorporation	Description
Article 32 (3) (Election of Directors)	Cumulative voting under Article 382-2 of the Korean Commercial Code will not be applied for the election of directors.
Article 4 of the 12 <sup>th</sup> Supplement to the Articles of Incorporation (Interim Regulation)	Article 32 (3) of the Articles of Incorporation shall remain effective until the day immediately preceding the date of the general shareholders meeting of 2003.
Also, neither written or electronic voting system nor minority shareholder rights is applicable.	

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**4. Affiliated Companies**

A. Capital Investments between Affiliated Companies

(As of December 31, 2009)

\* Based on common shares

Investing company	Invested companies										
	SK Corporation	SK Energy	SK Telecom	SK Networks	SK Chemicals	SKC	SK C&C	SK E&C	SK Shipping	SK E&S	SK Gas
SK Corporation	33.40%	23.20%	39.10%			42.50%		40.00%	72.10%	67.50%	45.50%
SK Energy											
SK Telecom							9.00%				
SK Networks									17.70%		
SK Chemicals				0.00%				18.00%			
SKC				0.50%					10.20%		
SK C&C	31.80%									32.50%	
SK E&C											
SK E&S											
SK Gas											
SK Marketing & Company											
SK D&D											
SK Communications											
SK Broadband											
SK Lubricant											
SK Securities											
<b>Total affiliated companies</b>	<b>31.80%</b>	<b>33.40%</b>	<b>23.20%</b>	<b>39.60%</b>	<b>0.00%</b>	<b>42.50%</b>	<b>9.00%</b>	<b>58.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>45.50%</b>

Investing company	Invested companies								
	SK Securities	SK Marketing & Company	SK DOPCO	SK CCES	SK YN Energy	SK Daehan City Gas	SK Sci-tech	SK NJC	SK Telink
SK Corporation	65.00%								
SK Energy		50.00%	38.30%						
SK Telecom		50.00%							90.80%
SK Networks	22.70%		4.60%						
SK Chemicals							50.00%	60.00%	
SKC	7.70%								
SK C&C									
SK E&C									
SK E&S				100.00%	100.00%	47.60%			
SK Gas									
SK Marketing & Company									
SK D&D									

SK  
 Communications  
 SK Broadband  
 SK Lubricant  
 SK Securities

Total affiliated  
 companies

30.40% 65.00% 100.00% 42.90% 100.00% 100.00% 47.60% 50.00% 60.00% 90.80%

Invested companies

OK

	Busan City Gas	Jeonnam City Gas	Gangwon City Gas	GBESS Service	OK Cash Gangnam City Gas	SK Wyverns	Infosec	MRO Korea	SK Telesys
Investing company									
SK Corporation									
SK Energy									
SK Telecom						100.00%			
SK Networks								51.00%	
SK Chemicals									
SKC									77.10%
SK C&C							100.00%		
SK E&C									
SK E&S	40.00%	100.00%	100.00%	100.00%	100.00%				
SK Gas									

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Investing company	Invested companies				Invested companies						
	Busan City Gas	Jeonnam City Gas	Gangwon City Gas	GBES	OK Service	Cashbag	Chungnam City Gas	SK Wyverns	Infosec	MRO Korea	SK Telesys
SK Marketing & Company					100.00%						
SK D&D											
SK Communications											
SK Broadband											
SK Lubricant											
SK Securities											
<b>Total affiliated companies</b>	40.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	51.00%	77.10%

Investing company	Invested companies				Invested companies						
	Encar network	F&U Credit Info.	Paxnet	TU Media	SK D&D	SK Utis	SK CTA	Loen Entertainment	SK Independent	SK Petrochemical	SK Mobile Energy
SK Corporation											
SK Energy	87.50%						33.70%			100.00%	100.00%
SK Telecom		50.00%	59.70%	44.20%				63.50%			
SK Networks											
SK Chemicals						100.00%					
SKC											
SK C&C									67.80%		
SK E&C					45.00%						
SK E&S											
SK Gas											
SK Marketing & Company											
SK D&D											
SK Communications											
SK Broadband											
SK Lubricant											
SK Securities		40.00%									
<b>Total affiliated companies</b>	87.50%	90.00%	59.70%	44.20%	45.00%	100.00%	33.70%	63.50%	67.80%	100.00%	100.00%

Investing company	Invested companies									
	SKC	NTREEV	SK	SK	SK	I	SKC	SKN	Nuri	Commerco



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Investing company	Media	iHQ	Soft	I-Media	Communications	Lubricant	Platform	Air Gas	Service	Solution	Planet
SK Corporation											
SK Energy						100.00%					
SK Telecom		37.10%	63.70%		64.80%						100.00%
SK Networks							66.70%		100.00%		
SK Chemicals											
SKC	100.00%							80.00%			
SK C&C										46.30%	
SK E&C											
SK E&S											
SK Gas											
SK Marketing & Company											
SK D&D											
SK Communications					100.00%						
SK Broadband											
SK Lubricant											
SK Securities											
<b>Total affiliated companies</b>	100.00%	37.10%	63.70%	100.00%	64.80%	100.00%	66.70%	80.00%	100.00%	46.30%	100.00%

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Investing company	Invested companies										
	Reviden Asset	Solmics Co., Ltd.	SK Broadband	Hanaro Dream	Broadband Media	Broadband D&M	Broadband CS	UB Care	DOP Service	Pana Blu Co., Ltd.	WS Commer
SK Corporation											
SK Energy											
SK Telecom			50.60%								
SK Networks											100.00%
SK Chemicals								44.00%			
SKC		48.70%									
SK C&C											
SK E&C	100.00%								3.60%		
SK E&S									96.40%		
SK Gas										80.40%	
SK Marketing & Company											
SK D&D											
SK Communications											
SK Broadband				36.00%	100.00%	100.00%	100.00%				
SK Lubricant											
SK Securities											
<b>Total affiliated companies</b>	<b>100.00%</b>	<b>48.70%</b>	<b>50.60%</b>	<b>36.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>44.00%</b>	<b>100.00%</b>	<b>80.40%</b>	<b>100.00%</b>

Investing company	Invested companies										
	Namwon Sarang Electric	Incyto	Jeju United FC	Cross M Insight	MKS Guarantee	Zicos	PS & Marketing	SK Forest	Green Bio	SK Seentec	
SK Corporation											
SK Energy			100.00%								
SK Telecom							100.00%				
SK Networks											
SK Chemicals										100.00%	
SKC		100.00%									
SK C&C											
SK E&C								100.00%			
SK E&S											
SK Gas									69.00%		
SK Marketing & Company				100.00%							
SK D&D	100.00%				100.00%						

<b>SK Communications</b>											
<b>SK Broadband</b>											
<b>SK Lubricant</b>										100.00%	
<b>SK Securities</b>											
<b>Total affiliated companies</b>	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	69.00%	100.00%

\* Walkerhill completed merger with and into SK Networks as of December 31, 2009.



**Table of Contents****VII. SHAREHOLDERS INFORMATION****1. Shareholdings of the Largest Shareholder and Related Persons**

## A. Shareholdings of the Largest Shareholder and Related Persons

(As of December 31, 2009)

(Unit: Shares, %)

Name	Relationship	Type of share	Number of shares owned and ownership ratio			
			Beginning of Period		End of Period	
			Number of shares	Ownership ratio	Number of shares	Ownership ratio
<b>SK Corporation</b>	Largest Shareholder	Common share	18,748,452	23.09	18,748,452	23.22
<b>Tae Won Chey</b>	Officer of affiliated company	Common share	100	0.00	100	0.00
<b>Shin Won Chey</b>	Officer of affiliated company	Common share	500	0.00	500	0.00
<b>Shin Bae Kim</b>	Officer of affiliated company	Common share	1,270	0.00	1,270	0.00
<b>Man Won Jung</b>	Director	Common share	0	0.00	4,000	0.00
<b>Sung Min Ha</b>	Director	Common share	738	0.00	738	0.00
<b>Bang Hyung Lee</b>	Officer of affiliated company	Common share	200	0.00	200	0.00
<b>Total</b>		Common share	18,751,260	23.09	18,755,260	23.23

Although there has been no change in the number of shares held by the largest shareholder, SK Corporation, due to the Company's purchase and subsequent retirement of its treasury shares, SK Corporation's ownership ratio in the Company has increased to 23.22%.

## B. Overview of the Largest Shareholder

SK Corporation is a holding company and as of December 31, 2009, has nine subsidiaries: SK Energy Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SKC Co., Ltd., SK E&C Co., Ltd., SK Shipping Co., Ltd., SK E&S Co., Ltd., SK Gas Co., Ltd., K-Power Co., Ltd. and SK Corporation also operates a life science business division within its holding company to nurture the division for future growth.

Details of SK Corporation's subsidiaries are as follows:

Affiliates	Share Holdings	Industry	Description
<b>SK Energy Co., Ltd.</b>	33.40%	Energy	Publicly Listed
<b>SK Telecom Co., Ltd.</b>	23.22%	Telecommunication	Publicly Listed
<b>SK Networks Co., Ltd.</b>	39.12%	Energy Sale	Publicly Listed
<b>SKC Co., Ltd.</b>	42.50%	Synthetic Resin Manufacturing	Publicly Listed
<b>SK E&amp;C Co., Ltd.</b>	40.02%	Construction	Privately Held
<b>SK Shipping Co., Ltd.</b>	72.13%	Ocean Freight	Privately Held
<b>SK E&amp;S Co., Ltd.</b>	67.55%	Gas Company Holdings	Privately Held

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<b>Affiliates</b>	<b>Share Holdings</b>	<b>Industry</b>	<b>Description</b>
<b>SK Gas Co., Ltd.</b>	45.53%	Gas	Publicly Listed
<b>K-Power Co., Ltd.</b>	65.00%	Power Generation	Privately Held

\* The above share holdings are based on common stock holdings as of December 31, 2009.

SK Corporation is a publicly listed company and is required to submit a report of its significant business activities in accordance with Article 161 of the Financial Investment Services and Capital Markets Act. Also as a holding company, SK Corporation is required to report key management activities in accordance with Article 8 of Regulation on Securities Issuance and Disclosure. The rule is applicable to subsidiaries whose book value of the holding company's shareholding exceeds 10% of its total assets. SK Energy Co., Ltd., SK Telecom Co., Ltd. and SK Networks Co., Ltd. are three such subsidiaries.

**2. Changes in shareholdings of the Largest Shareholder**

Changes in shareholdings of the largest shareholder are as follows.

(Unit: Shares, %)

<b>Largest Shareholder</b>	<b>Date of the change in the largest shareholder/ Date of change in shareholding</b>	<b>Shares Held</b>	<b>Holding Ratio</b>	<b>Remarks</b>
<b>SK Corporation</b>	March 7, 2008	18,751,260	23.09	Purchased 1,085,325 shares from SK Networks on March 7, 2008
	March 13, 2009	18,751,360	23.22	At the 25 <sup>th</sup> General Meeting of Shareholders, elected the CEO, Man Won Jung (who owns 100 shares of the Company stock)
	December 30, 2009	18,755,260	23.23	Man Won Jung, the CEO, purchased 3,900 shares.

\* Shares held are the sum of shares held by SK Corporation and its related parties.

**3. Distribution of Shares**

A. Shareholders with ownership of 5% or more

(As of December 31, 2009)

(Unit: shares, %)

Rank	Name (title)	Common share		Preferred share		Sub-total	
		Number of shares	Ownership ratio	Number of shares	Ownership ratio	Number of shares	Ownership ratio
1	Citibank ADR	24,000,794	29.72			24,000,794	29.72
2	SK Corporation	18,748,452	23.22			18,748,452	23.22
3	SK Telecom	8,400,712	10.4			8,400,712	10.4
	<b>Total</b>	51,149,958	63.34			51,149,958	63.34

B. Shareholdings under the Employee Stock Ownership Program

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As the relevant law requires an immediate transfer of the shares directly purchased by the employees to the account of the individual purchasers, the Company transfers and holds the employees' stocks in separate individual accounts within the program once the number of shares for each individual member is determined.

(As of December 31, 2009)

(Unit: Shares)

<b>Classification</b>	<b>Account classification</b>	<b>Type of share</b>	<b>Balance at the beginning of period (Unit: Shares)</b>	<b>Balance at the end of period (Unit: Shares)</b>
5th	Employee Stock Ownership Program	Common shares	114,168	106,975
8th	Member Account		369,887	360,949
	Total		484,055	467,924

## C. Shareholder Distribution

(As of December 31, 2009)

<b>Classification</b>	<b>Number of shareholders</b>	<b>Ratio (%)</b>	<b>Number of shares</b>	<b>Ratio (%)</b>	<b>Remarks</b>
<b>Total minority shareholders</b>	46,167	99.98	25,122,635	31.11	
<b>Minority shareholders (corporate)</b>	886	1.92	7,009,987	8.68	
<b>Minority shareholders (individual)</b>	45,275	98.05	18,105,840	22.42	
<b>Minority shareholders (Largest Shareholder and Related Persons)</b>	6	0.01	6,808	0.01	
<b>Major shareholders</b>					
<b>Total other shareholders</b>	9	0.02	55,623,076	68.89	
<b>Other shareholders (corporate)</b>	6	0.01	12,056,154	14.93	
<b>Other shareholders (individual)</b>	2	0.01	24,818,470	30.74	
<b>Other shareholders (Largest Shareholder and Related Persons)</b>	1	0	18,748,452	23.22	
<b>Total</b>	46,176	100	80,745,711	100	

**Table of Contents****4. Share Price and Trading Volume in the Last Six Months**

## A. Domestic Securities Market

(Unit: Won, shares)

Types		December 2009	November 2009	October 2009	September 2009	August 2009	July 2009
Common stock	Highest	178,500	184,000	190,500	182,500	184,000	185,500
	Lowest	169,500	169,500	180,000	166,000	173,000	175,000
Monthly transaction volume		4,145,529	4,533,236	7,105,786	8,881,875	6,722,975	6,669,445

## B. Overseas Securities Market

## New York Stock Exchange

(Unit: US\$, ADR)

Types		December 2009	November 2009	October 2009	September 2009	August 2009	July 2009
Depository Receipt	Highest	16.84	17.46	18.58	17.45	16.91	16.83
	Lowest	16.04	16.57	16.54	15.21	15.28	15.49
Monthly transaction volume		27,264,234	36,094,216	44,965,284	25,667,356	15,412,594	18,341,204

**VIII. EMPLOYEES**

(As of December 31, 2009)

(Unit: persons, in millions of Won)

Classification	Number of employees				Average service year	Aggregate wage for 2009	Average wage per person	Remarks
	Office managerial positions	Production positions	Others	Total				
Male	3,828			3,828	11.4	255,394	66	
Female	613			613	9.4	33,036	52	
<b>Total</b>	4,441			4,441	11.1	288,431	64	



Table of Contents**IX. TRANSACTIONS WITH PARTIES WITH INTERESTS****1. Loans to the Largest Shareholder and Related Persons**

(As of December 31, 2009)

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details			Accrued interest	Remarks
			Beginning	Increase	Decrease		
SK Wyverns	Affiliated company	Long-term and short-term loans	3,557		575	2,982	253

(Unit: in millions of Won)

**Investment and Disposal Details**  
**Transaction Details**

Name (Corporate name)	Types of Relationship	Beginning of Period	Increase	Decrease	End of Period	Remarks
SK Broadband	Investment	1,209,629	241,175		1,450,804	
SKT Global	Investment	26,044	13,274		39,318	
SKT America, Inc.	Investment	17,467	12,990		30,457	
SK Industrial	Investment		23,709		23,709	
Development	Investment		150,000		150,000	
PS & Marketing, Ltd.	Investment					
SK Telecom China	Investment	23,293	6,302		29,595	
Holdings	Investment		7,307		7,307	
BcN Ltd.	Investment					
K Net Culture	Investment					
Content Investment	Investment	5,900	5,900		11,800	
C-Mall	Investment	7,127	4,538		11,665	
SK C&C	Investment	501,651		351,156	150,495	
SKT Holdings	Investment					
AMERICA	Investment	12,990		12,990		
Air Cross Co., Ltd.	Investment	2,440		2,440		
<b>Total</b>		1,806,541	465,195	366,586	1,905,150	

**Table of Contents****2. Transfer of Assets to/from the Largest Shareholder**

## A. Transfer of Assets

(Units: in thousands of Won)

Name  (Corporate name)	Relationship	Transferred Objects	Purpose of Transfer	Details		Amount Transferred From Largest Shareholder	Amount Transferred to Largest Shareholder	Remarks
				Date of Transfer				
Encar Network Co., Ltd.	Affiliated Company	Automobiles	Sale of automobiles not in use	February 26, 2009			116,818	
Encar Network Co., Ltd.	Affiliated Company	Automobiles	Sale of automobiles not in use	June 15, 2009			33,636	
Ntreev Soft Co., Ltd.	Affiliated Company	On-line gaming and portal website assets	Sale of business	August 5, 2009			1,630,000	
SK Telesys Encar Network Co., Ltd.	Affiliated Company	2G devices not in use	Sale of devices not in use	August 24, 2009			197,472	
Encar Network Co., Ltd.	Affiliated Company	Automobiles	Sale of automobiles not in use	August 31, 2009			43,182	
Ntreev Soft Co., Ltd.	Affiliated Company	Copyright of on-line games	Sale of business	September 1, 2009			105,000	
Loen Entertainment Co., Ltd.	Affiliated Company	Transfer of MelOn business	Transfer of business	December 18, 2009			208,579	
SK Telesys	Affiliated Company	2G devices not in use	Sale of devices not in use	December 30, 2009			282,483	
Total							2,617,170	

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## B. Transfer of Business

(Units: in thousands of Won)

Name (Corporate name)	Relationship	Transferred Objects	Purpose of Transfer	Details		Amount Transferred From Largest Shareholder	Amount Transferred to Largest Shareholder	Remarks
				Date of Transfer				
Loen Entertainment Co., Ltd.	Affiliated Company	Entire MelOn business	To facilitate growth of MelOn business through separate management	October 23, 2008			24,333,022	
SK Networks, Co., Ltd.	Affiliated Company	Leased-line business, ancillary business, assets, liabilities and all other rights and obligations in connection thereto	Optimize service through increased network efficiency by internalizing mobile phone transmission lines	May 21, 2009		892,850,000		
Total						892,850,000	24,333,022	

**3. Transactions with Shareholders (excluding the Largest Shareholder and Related Persons)**

## A. Provisional Payment and Loans (including loans on marketable securities)

Agents

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Beginning	Change details		Ending	Accrued interest	Remarks
				Increase	Decrease			
<b>Park Dal and others</b>	Agency	Long-term and short-term loans	154,801	251,196	332,507	73,490		
Overseas investment companies								

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Beginning	Change details		Ending	Accrued interest	Remarks
				Increase	Decrease			

<b>DSS Mobile Com. (India)</b>	Overseas Investment company	Long-term loans	18,887	18,887	Payment guarantee
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## B. Equity Investments

(Unit: in millions of Won)

Name (Corporate name)	Relationship Category	Investment and Disposition Details			End of Period	Remarks
		Beginning of Period	Increase	Decrease		
Translink Capital L.L.C.		1,486	513		1,999	
Skylake Global Incubest Fund #1		1,548	131		1,679	
Global Opportunities Breakaway Fund			186,390		186,390	
Sprint			74,215		74,215	
China Unicom		1,333,009		1,333,009		
Daea TI Co, Ltd.		1,695		1,695		
XCE Co., Ltd.		10		10		
Powercom Co., Ltd.		240,243		240,243		
Qualcomm Inc.		2,756		2,756		
InnoAce Co., Ltd.		445		445		
Infinity Telecom		640		640		
Virgin Mobile		62,096		62,096		
Helio Inc.		1,342		1,208	134	
KTB Investment Association #1		689		689		
Baeoom & Partners		500		500		
Bitek System Inc.		1,000		1,000		
Edu E-books		500		500		
CCKVAN		1,800		1,800		
IP One		600		600		
GOMID Inc.		750		750		
Biznetech		500		500		
IdeaCulture		1,292		1,292		
Telemerc.com, Inc.		1,793		1,793		
SF Alert		12		12		
<b>Total</b>		<b>1,654,706</b>	<b>261,249</b>	<b>1,651,538</b>	<b>264,417</b>	

**Table of Contents****X. OTHER INFORMATION RELATING TO THE PROTECTION OF INVESTORS****1. Developments in the Items mentioned in prior Reports on Important Business Matters****A. Status and Progress of Major Management Events**

<b>Date of Disclosure</b>	<b>Title</b>	<b>Report</b>	<b>Reports status</b>
October 26, 2001	Resolution on trust agreement for the acquisition of treasury shares and others	1. Signatories: Shinhan Bank, Hana Bank, Chohung Bank, Korea Exchange Bank 2. Contract amount: Won 1,300 billion 3. Purpose: to increase shareholder value	1. On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won 318 billion). 2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 3. On October 16, 2007, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 4. As of December 31, 2008, the balance of specified monetary trust for treasury shares was Won 982 billion.

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## B. Summary Minutes of the General Meeting of Shareholders

<b>Date</b>	<b>Agenda</b>	<b>Resolution</b>
23 <sup>rd</sup> Fiscal Year Meeting of Shareholders (March 9, 2007)	1. Approval of the financial statements for the year ended December 31, 2006	Approved (Cash dividend, Won 7,000 per share)
	2. Remuneration limit for Directors	Approved (Won 12 billion)
	3. Election of Directors Election of inside directors	Approved (Jung Nam Cho, Sung Min Ha)
	Election of independent directors as Audit Committee members	Approved (Dal Sup Shim)
24 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 14, 2008)	1. Approval of the Financial Statements for the year ended December 31, 2007	Approved (Cash dividend, Won 8,400 per share)
	2. Amendment to Articles of Incorporation	Approved
	3. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)
	4. Election of Directors Election of inside directors	Approved (Shin Bae Kim, Young Ho Park)
	Election of independent directors	Approved (Rak Yong Uhm, Jay Young Chung)
	Election of independent directors as Audit Committee member	Approved (Jae Ho Cho)
25 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 13, 2009)	1. Approval of the financial statements for the year ended December 31, 2008	Approved (Cash dividend, Won 8,400 per share)
	2. Approval of Remuneration Limit for Directors	Approved (Won 12 Billion)
	3. Amendment to Company Regulation on Executive Compensation	Approved
	4. Election of Directors Election of inside directors	Approved (Jae Won Chey, Man Won Jung)
	Election of independent directors	Approved (Hyun Chin Lim)
	Election of independent directors as Audit Committee member	Approved (Hyun Chin Lim)
26 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 12, 2010)	1. Approval of the financial statements for the year ended December 31, 2009	Approved (Cash dividend, Won 8,400 per share)
	2. Amendment to Articles of Incorporation	Approved
	3. Approval of Remuneration Limit for Directors	Approved
	4. Election of Directors Election of inside directors	Approved (Won 12 billion)
	Election of independent directors	Approved (Cho, Ki Haeng)

Election of independent directors as  
Audit Committee member

Approved (Shim, Dal Sup)  
Approved (Shim, Dal Sup, Chung, Jay  
Young)

**2. Contingent Liabilities**

A. Material Legal Proceedings

(1) Claim for damages by G. Mate Inc.

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(a) Details: G.Mate alleged that the Company had engaged G.Mate to develop and deliver certain PDA units, but the Company subsequently refused to take delivery of such units. We appealed against G.Mate's claim for approximately Won 4 billion in damages.

(b) Parties to the lawsuit: G.Mate Inc. (plaintiff) vs. the Company (defendant)

(c) Progress: A mediation requested by G.Mate could not reach an agreement (in January 2007) thus an action for monetary damages was brought before the Seoul Central District Court, to which seven creditors of G.Mate, including DNF Consulting Co., Ltd., requested intervenient participation as successors to part of the claim. On December 4, 2008, the trial court awarded the plaintiffs approximately Won 420 million in damages, to which all of plaintiff, defendant and successors appealed, and the case was submitted as of February 3, 2009 before the Seoul High Court. In a compulsory mediation order as of September 2, 2009, the appellate court ordered the Company to pay Won 490 million, and the compulsory mediation order was finalized as of September 16, 2009 as neither of the parties appealed.

(d) Impacts on operation and finance: This litigation case was finally closed when the Company paid the plaintiff Won 490 million on September 21, 2009 pursuant to the compulsory mediation order. This litigation will not impact the Company's operation or finance in the future.

**B. Other Matters**

The Company has no other blank bills, mortgage bills, assumption of debt agreement or other contingent liabilities.

**3. Status of sanctions, etc.**

**A. Status of sanctions**

The Company was sanctioned with a fine of Won 50 million on December 30, 2008 for a violation of Telecommunications Law involving its mismanagement of privacy policy. The Company continues to improve related system security and is implementing system enhancements, such as introduction of scanning devices, to avoid unnecessary keeping of applications at the distributor level.

Due to the Company's ineffective measures taken with respect to phone numbers that are used for sending illegal unsolicited bulk messages, the Korea Communications Committee, on April 23, 2009, ordered the Company to improve its work procedures. The Company completed the upgrade of the related computer system to prevent illegal messages on October 10, 2009.

In addition, on January 21, 2009, the Company was sanctioned for unfair business practices with a fine of Won 1.268 billion by the Fair Trade Commission of Korea along with a correction order of its policy of restricting certain rate plan subscribers from using third party portal contents. The Company has paid the fine and has taken efforts to educate applicable divisions of the issue and to improve the level of the voluntary compliance program to comply with fair trade laws to prevent a repeat of the same violation.

On September 2, 2009, the Korea Communications Committee ordered the Company to improve its work procedures in a case relating to the obstruction of subscribers' utilization of wireless internet services. The Company completed the improvement of the procedures in consultation with the Korea Communications Committee by December 8, 2009. On October 13, 2009, the Korea Communications Committee imposed on the Company a fine of Won 140 million and a newspaper notice order in a case relating to the subscription for mobile telephone services using national identification numbers of the deceased and the Company's failure to verify the required documents. The Company implemented the improved work procedures to strengthen identification process at the time of subscription for mobile telephone services in January 2010.

Also on February 3, 2009, the Company received a correctional order and a fine of Won 500 million involving an unfair trade interference practice including refusal of applications for subscription for certain PDA phones distributed by third party manufacturers. The Company paid fines related to the sanction and initiated legal suit in an administrative court.

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***SK TELECOM CO., LTD.***

***NON-CONSOLIDATED FINANCIAL STATEMENTS***

***FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008***

***AND INDEPENDENT AUDITORS REPORT***

**Audit Tax Consulting Financial Advisory**

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**Independent Auditors Report**

English Translation of a Report Originally Issued in Korean  
To the Stockholders and Board of Directors of  
SK Telecom Co., Ltd.

We have audited the accompanying non-consolidated statements of financial position of SK Telecom Co., Ltd. (the Company ) as of December 31, 2009 and 2008, and the related non-consolidated statements of income, appropriations of retained earnings, changes in stockholders equity and cash flows for the years then ended, all expressed in Korean won. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2009 and 2008, and the results of its operations, changes in its retained earnings and its stockholders equity, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

Our audits also comprehended the translation of the Korean won amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2(a). Such U.S. dollar amounts are presented solely for the convenience of readers outside of the Republic of Korea.

**Audit Tax Consulting Financial Advisory**

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Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations, changes in stockholders' equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

February 17, 2010

**Notice to Readers**

This report is effective as of February 17, 2010, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the auditors' report.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2009 AND 2008**

ASSETS	Korean won		Translation into U.S. dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents (Notes 2 and 11)	₩ 420,576	₩ 434,177	\$ 361,428	\$ 373,116
Short-term financial instruments (Note 18)	178,057	98,406	153,016	84,567
Short-term investment securities (Notes 2 and 3)	370,182	369,744	318,121	317,745
Accounts receivable – trade, net of allowance for doubtful accounts of ₩142,702 million as of December 31, 2009 and ₩58,404 million as of December 31, 2008 (Notes 2, 11 and 21)	1,557,514	1,576,459	1,338,473	1,354,754
Short-term loans, net of allowance for doubtful accounts of ₩933 million as of December 31, 2009 and ₩1,090 million as of December 31, 2008 (Notes 2, 5 and 21)	66,888	107,934	57,481	92,755
Accounts receivable – other, net of allowance for doubtful accounts of ₩26,059 million and present value of ₩8,478 million as of December 31, 2009 and ₩21,071 million and ₩27,314 as of December 31, 2008 (Notes 2, 11 and 21)	2,032,757	1,225,983	1,746,880	1,053,567
Inventories (Note 2)	22,656	13,927	19,470	11,968
Prepaid expenses	112,762	98,273	96,904	84,452
Current deferred income tax assets, net (Notes 2 and 15)	194,825	21,677	167,426	18,628
Currency swap (Notes 2 and 23)		8,236		7,078
Accrued income and other	26,835	35,687	23,061	30,668
<b>Total Current Assets</b>	<b>4,983,052</b>	<b>3,990,503</b>	<b>4,282,260</b>	<b>3,429,298</b>
<b>NON-CURRENT ASSETS:</b>				
Property and equipment, net (Notes 2, 6 and 20)	5,196,521	4,698,214	4,465,708	4,037,480
Intangible assets, net (Notes 2 and 7)	2,665,936	2,941,592	2,291,012	2,527,901
Long-term financial instruments (Note 18)	6,519	19	5,602	16
Long-term investment securities (Notes 2 and 3)	2,420,262	3,067,389	2,079,888	2,636,007
Equity securities accounted for using the equity method (Notes 2 and 4)	2,680,872	2,600,719	2,303,847	2,234,967
Long-term loans, net of allowance for doubtful accounts of ₩24,250 million as of	64,216	131,700	55,185	113,178

December 31, 2009 and ₩23,342 million as  
of December 31, 2008 (Notes 2, 5 and 21)

Long-term accounts receivable other, net of  
present value of nil as of December 31,  
2009 and ₩45,464 million as of

December 31, 2008	761,647	572,139	654,533	491,676
Guarantee deposits (Notes 11 and 21)	172,021	147,970	147,829	127,160
Long-term currency swap (Notes 2 and 23)	223,173	356,815	191,787	306,634
Long-term deposits and other	123,414	110,435	106,058	94,905
Total Non-current Assets	14,314,581	14,626,992	12,301,449	12,569,924
<b>TOTAL ASSETS</b>	<b>₩ 19,297,633</b>	<b>₩ 18,617,495</b>	<b>\$ 16,583,709</b>	<b>\$ 15,999,222</b>

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**DECEMBER 31, 2009 AND 2008**

LIABILITIES AND STOCKHOLDERS' EQUITY	Korean won		Translation into U.S. dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
<b>CURRENT LIABILITIES:</b>				
Short-term borrowings	₩	₩ 154,700	\$	\$ 132,944
Accounts payable (Notes 11 and 21)	1,136,475	1,039,509	976,647	893,318
Income tax payable	381,940	322,431	328,226	277,086
Accrued expenses (Notes 2 and 22)	934,372	692,788	802,967	595,358
Withholdings	250,656	285,164	215,405	245,060
Current portion of long-term debt, net (Notes 2 and 8)	513,277	708,619	441,092	608,962
Current portion of subscription deposits	6,804	7,082	5,847	6,086
Currency swap (Notes 2 and 23)	35,145	190,359	30,202	163,588
Interest swap (Notes 2 and 23)	1,173		1,008	
Advanced receipts and other	34,791	11,838	29,898	10,172
<b>Total Current Liabilities</b>	<b>3,294,633</b>	<b>3,412,490</b>	<b>2,831,292</b>	<b>2,932,574</b>
<b>NON-CURRENT LIABILITIES:</b>				
Bonds payable, net (Notes 2 and 8)	3,349,216	2,882,483	2,878,199	2,477,105
Long-term borrowings (Notes 2 and 9)	816,760	825,750	701,895	709,621
Subscription deposits (Note 10)	5,480	4,796	4,709	4,122
Long-term payables other, net of present value discount of ₩5,837 million as of December 31, 2009 and ₩15,416 million as of December 31, 2008 (Note 2)	164,163	304,584	141,076	261,749
Accrued severance indemnities, net (Note 2)	25,155	24,222	21,617	20,816
Non-current deferred income tax liabilities, net (Notes 2 and 15)	210,859	279,616	181,205	240,292
Long-term currency swap (Notes 2 and 23)	18,281	23,947	15,710	20,579
Long-term interest swap (Notes 2 and 23)	16,215	33,498	13,935	28,787
Guarantee deposits received and other (Note 21)	155,421	97,102	133,563	83,445
<b>Total Non-current Liabilities</b>	<b>4,761,550</b>	<b>4,475,998</b>	<b>4,091,909</b>	<b>3,846,516</b>
<b>Total Liabilities</b>	<b>8,056,183</b>	<b>7,888,488</b>	<b>6,923,201</b>	<b>6,779,090</b>
<b>STOCKHOLDERS' EQUITY:</b>				
Capital stock (Notes 1 and 12)	44,639	44,639	38,361	38,361
Capital surplus (Notes 2, 8 and 12)	3,032,009	2,957,095	2,605,602	2,541,224

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Capital adjustments:				
Treasury stock (Notes 1 and 14)	(1,992,083)	(2,055,620)	(1,711,926)	(1,766,528)
Loss on disposal of treasury stock (Note 14)	(716)		(615)	
Equity method in capital adjustments (Notes 2 and 4)	(52,626)	(91,910)	(45,225)	(78,984)
Other capital adjustments (Note 27)	(662,983)		(569,744)	
Accumulated other comprehensive income (loss) (Note 16):				
Unrealized gains on valuation of long-term investment securities, net (Notes 2 and 3)	1,003,145	413,270	862,068	355,150
Equity in other comprehensive loss of affiliates, net (Notes 2 and 4)	(84,809)	(4,824)	(72,882)	(4,146)
Gain (Loss) on valuation of currency swap, net (Notes 2 and 23)	6,516	(8,532)	5,599	(7,332)
Loss on valuation of interest swap, net (Notes 2 and 23)	(10,932)	(26,129)	(9,395)	(22,455)
Retained earnings:				
Appropriated (Note 13)	8,890,053	8,295,037	7,639,800	7,128,464
Unappropriated	1,069,237	1,205,981	918,865	1,036,378
Total Stockholders Equity	11,241,450	10,729,007	9,660,508	9,220,132
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	₩ 19,297,633	₩ 18,617,495	\$ 16,583,709	\$ 15,999,222

See accompanying notes to non-consolidated financial statements.



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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Korean won		Translation into U.S. dollars (Note 2)	
	2009	2008	2009	2008
	(In millions except for per share data)		(In thousands except for per share data)	
OPERATING REVENUE (Notes 2 and 21)	₩ 12,101,184	₩ 11,674,662	\$ 10,399,333	\$ 10,032,795
OPERATING EXPENSES (Note 21):				
Labor cost	(460,906)	(414,107)	(396,086)	(355,869)
Commissions paid	(4,594,727)	(4,419,208)	(3,948,547)	(3,797,712)
Depreciation and amortization (Notes 2, 6 and 7)	(1,895,880)	(1,804,910)	(1,629,253)	(1,551,076)
Network interconnection	(1,068,243)	(1,039,263)	(918,011)	(893,106)
Leased line	(332,824)	(391,150)	(286,017)	(336,141)
Advertising	(265,498)	(300,506)	(228,160)	(258,244)
Research and development	(233,469)	(221,501)	(200,635)	(190,350)
Rent	(277,018)	(238,651)	(238,060)	(205,088)
Frequency usage	(157,400)	(161,619)	(135,264)	(138,890)
Repair	(160,571)	(154,221)	(137,989)	(132,532)
Cost of goods sold	(35,979)	(59,431)	(30,919)	(51,073)
Other	(439,332)	(410,199)	(377,546)	(352,512)
Sub-total	(9,921,847)	(9,614,766)	(8,526,487)	(8,262,593)
OPERATING INCOME	2,179,337	2,059,896	1,872,846	1,770,202
OTHER INCOME:				
Interest income (Note 3)	157,104	107,212	135,010	92,134
Dividends	134,038	52,475	115,188	45,095
Commissions (Note 21)	22,741	18,689	19,543	16,061
Reversal of allowance for doubtful accounts		1,295		1,113
Foreign exchange and translation gain (Note 2)	99,080	466,014	85,146	400,476
Equity in earnings of affiliates (Notes 2 and 4)	63,804	41,605	54,831	35,754
Gain on valuation of short-term investment securities (Note 3)	14,086		12,105	

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Gain on disposal of investment assets	116,118	18,661	99,788	16,037
Gain on disposal of property and equipment and intangible assets	24,547	4,217	21,095	3,624
Gain on valuation of currency swap (Notes 2 and 23)	108,293	264,417	93,063	227,231
Gain on valuation of currency option (Notes 2 and 23)	1,014		871	
Other	45,619	40,695	39,202	34,971
Sub-total	786,444	1,015,280	675,842	872,496

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Korean won		Translation into U.S. dollars (Note 2)	
	2009 (In millions except for per share data)	2008 (In millions except for per share data)	2009 (In thousands except for per share data)	2008 (In thousands except for per share data)
<b>OTHER EXPENSES:</b>				
Interest and discounts	(₩304,569)	(₩256,446)	(\$261,736)	(\$220,381)
Donations	(70,765)	(99,602)	(60,813)	(85,594)
Foreign exchange and translation loss (Note 2)	(176,076)	(146,736)	(151,314)	(126,100)
Loss on valuation of short-term investment securities (Note 3)		(7,758)		(6,667)
Equity in losses of affiliates (Notes 2 and 4)	(295,332)	(258,547)	(253,798)	(222,186)
Impairment loss on investment securities (Notes 2 and 3)	(6,246)	(218,729)	(5,368)	(187,968)
Loss on disposal of inventories	(1,359)		(1,168)	
Loss on disposal of investment assets	(148,220)	(7,916)	(127,375)	(6,803)
Loss on disposal of accounts receivable other (Note 28)	(28,711)		(24,673)	
Loss on disposal of property, equipment and intangible assets	(83,034)	(44,758)	(71,357)	(38,463)
Impairment loss on assets (Note 2)		(6,906)		(5,935)
Loss on repayment of bonds	(291)		(250)	
Loss on transactions and valuation of currency swap (Notes 2 and 23)	(116,324)	(440,036)	(99,965)	(378,152)
Loss on valuation of interest swap (Notes 2 and 23)	(3,372)		(2,898)	
External research and development cost	(55,528)	(71,942)	(47,718)	(61,824)
Other	(18,610)	(9,724)	(15,992)	(8,357)
 Sub-total	 (1,308,437)	 (1,569,100)	 (1,124,425)	 (1,348,430)
 ORDINARY INCOME	 1,657,344	 1,506,076	 1,424,263	 1,294,268
 INCOME BEFORE INCOME TAX	 1,657,344	 1,506,076	 1,424,263	 1,294,268
 PROVISION FOR INCOME TAX (Notes 2 and 15)	 (369,004)	 (228,418)	 (317,109)	 (196,294)

NET INCOME	₩ 1,288,340	₩ 1,277,658	\$ 1,107,154	\$ 1,097,974
NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 17)	₩ 17,808	₩ 17,559	\$ 15,304	\$ 15,090
DILUTED NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 17)	₩ 17,599	₩ 17,395	\$ 15,124	\$ 14,949

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF**  
**APPROPRIATIONS OF RETAINED EARNINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Korean won		Translation into U.S.	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
<b>RETAINED EARNINGS BEFORE</b>				
<b>APPROPRIATIONS:</b>				
Beginning of year	₩ 1,762	₩ 1,116	\$ 1,514	\$ 959
Interim dividends (Note 19)	(72,345)	(72,793)	(62,171)	(62,555)
Retirement of treasury stock	(92,477)		(79,471)	
Changes in retained earning from equity method accounting	(56,043)		(48,161)	
Net income	1,288,340	1,277,658	1,107,154	1,097,974
End of year	1,069,237	1,205,981	918,865	1,036,378
<b>TRANSFER FROM VOLUNTARY RESERVES:</b>				
Reserve for research and manpower development (Note 13)	376,667	200,000	323,694	171,873
Reserve for loss on disposal of treasury stock (Note 13)		255,984		219,984
	376,667	455,984	323,694	391,857
<b>APPROPRIATIONS:</b>				
Reserve for research and manpower development (Note 13)	(363,000)		(311,949)	
Reserve for business expansion (Note 13)	(474,000)	(701,000)	(407,339)	(602,415)
Reserve for technology development (Note 13)		(350,000)		(300,778)
Cash dividends (Note 19)	(607,698)	(609,203)	(522,235)	(523,528)
	(1,444,698)	(1,660,203)	(1,241,523)	(1,426,721)
<b>UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR</b>	<b>₩ 1,206</b>	<b>₩ 1,762</b>	<b>\$ 1,036</b>	<b>\$ 1,514</b>

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total stockholders equity
<b>(In millions of Korean won)</b>						
Balance, January 1, 2008	₩ 44,639	₩ 2,939,353	(₩2,041,578)	₩ 1,589,206	₩ 8,905,865	₩ 11,437,485
Cumulative effect of change in accounting policies		15,476	(30,908)	4,893		(10,539)
Adjusted balance, January 1, 2008	44,639	2,954,829	(2,072,486)	1,594,099	8,905,865	11,426,946
Cash dividends					(609,712)	(609,712)
Interim dividends (Note 19)					(72,793)	(72,793)
Net income					1,277,658	1,277,658
Conversion of convertible bonds (Note 8)		1,544				1,544
Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Notes 2 and 15)			(61,002)			(61,002)
Treasury stock (Note 14)		722	(14,137)			(13,415)
Loss on disposal of treasury stock (Note 14)			95			95
Unrealized loss on valuation of long-term investment securities, net (Notes 3, 15 and 16)				(1,213,419)		(1,213,419)
Equity in other comprehensive income changes of affiliates, net (Notes 2, 4, 15 and 16)				18,248		18,248
Loss on valuation of currency swap, net (Notes 15, 16 and 23)				3,284		3,284
Loss on valuation of interest swap, net (Notes 15, 16 and 23)				(28,427)		(28,427)
Balance, December 31, 2008	₩ 44,639	₩ 2,957,095	(₩2,147,530)	₩ 373,785	₩ 9,501,018	₩ 10,729,007
Balance, January 1, 2009	₩ 44,639	₩ 2,957,095	(₩2,147,530)	₩ 373,785	₩ 9,501,018	₩ 10,729,007
Cash dividends					(609,203)	(609,203)
Interim dividends (Note 19)					(72,345)	(72,345)

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Net income				1,288,340	1,288,340
Conversion right (Note 8)	73,622				73,622
Treasury stock (Note 14)	(722)	62,821		(92,476)	(30,377)
Unrealized loss on valuation of long-term investment securities, net (Notes 3, 15 and 16)			589,875		589,875
Equity in other comprehensive income changes of affiliates, net (Notes 4, 15 and 16)	2,014	48,397	(79,985)	(56,044)	(85,618)
Difference between the acquisition cost and net book value incurred from the business acquisition between companies under common control (Notes 15 and 16)		(672,096)			(672,096)
Gain on valuation of currency swap, net (Notes 15, 16 and 23)			15,048		15,048
Gain on valuation of interest swap, net (Notes 15, 16 and 23)			15,197		15,197
Balance, December 31, 2009	₩ 44,639	₩ 3,032,009	(₩ 2,708,408)	₩ 913,920	₩ 9,959,290
					₩ 11,241,450

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total stockholders equity
<b>(In thousands of U.S. dollars)</b>						
Balance, January 1, 2008	\$ 38,361	\$ 2,525,977	(\$1,754,461)	\$ 1,365,708	\$ 7,653,388	\$ 9,828,973
Cumulative effect of change in accounting policies		13,300	(26,561)	4,205		(9,056)
Adjusted balance, January 1, 2008	38,361	2,539,277	(1,781,022)	1,369,913	7,653,388	9,819,917
Cash dividends					(523,965)	(523,965)
Interim dividends (Note 19)					(62,555)	(62,555)
Net income					1,097,974	1,097,974
Conversion of convertible bonds (Note 8)		1,327				1,327
Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Notes 2 and 15)			(52,423)			(52,423)
Treasury stock (Note 14)		620	(12,149)			(11,529)
Loss on disposal of treasury stock (Note 14)			82			82
Unrealized loss on valuation of long-term investment securities, net (Notes 3, 15 and 16)				(1,042,771)		(1,042,771)
Equity in other comprehensive income changes of affiliates, net (Notes 2, 4, 15 and 16)				15,682		15,682
Loss on valuation of currency swap, net (Notes 15, 16 and 23)				2,822		2,822
Loss on valuation of interest swap, net (Notes 15, 16 and 23)				(24,429)		(24,429)
	\$ 38,361	\$ 2,541,224	(\$1,845,512)	\$ 321,217	\$ 8,164,842	\$ 9,220,132



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Balance, December 31,  
2008

Balance, January 1, 2009	\$ 38,361	\$ 2,541,224	(\$1,845,512)	\$ 321,217	\$ 8,164,842	\$ 9,220,132
Cash dividends					(523,528)	(523,528)
Interim dividends (Note 19)					(62,171)	(62,171)
Net income					1,107,154	1,107,154
Conversion right (Note 8)		63,268				63,268
Treasury stock (Note 14)		(620)	53,987		(79,471)	(26,104)
Unrealized loss on valuation of long-term investment securities, net (Notes 3, 15 and 16)				506,918		506,918
Equity in other comprehensive income changes of affiliates, net (Notes 4, 15 and 16)		1,730	41,591	(68,736)	(48,161)	(73,576)
Difference between the acquisition cost and net book value incurred from the business acquisition between companies under common control (Notes 15 and 16)			(577,576)			(577,576)
Gain on valuation of currency swap, net (Notes 15, 16 and 23)				12,931		12,931
Gain on valuation of interest swap, net (Notes 15, 16 and 23)				13,060		13,060
Balance, December 31, 2009	\$ 38,361	\$ 2,605,602	(\$2,327,510)	\$ 785,390	\$ 8,558,665	\$ 9,660,508

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Korean won		Translation into U.S. dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	₩ 1,288,340	₩ 1,277,658	\$ 1,107,154	\$ 1,097,974
Expenses not involving cash payments:				
Provision for severance indemnities	34,481	36,139	29,632	31,057
Depreciation and amortization	2,030,081	1,943,422	1,744,580	1,670,109
Allowance for doubtful accounts	116,072	42,728	99,748	36,719
Foreign translation loss	972	127,042	835	109,175
Loss on valuation of short-term investment securities		7,758		6,667
Equity in losses of affiliates	295,332	258,547	253,798	222,186
Impairment loss on investment securities	6,246	218,729	5,368	187,968
Loss on disposal of inventories	1,359		1,168	
Loss on disposal of investment assets	148,220	7,916	127,375	6,803
Loss on disposal of accounts receivable other	28,711		24,673	
Loss on disposal of property, equipment and intangible assets	83,034	44,758	71,357	38,463
Impairment loss on assets		6,906		5,935
Loss on repayment of bonds	291		250	
Loss on transactions and valuation of currency swap	116,324	440,036	99,965	378,152
Loss on valuation of interest swap	3,372		2,898	
Donations	7	175	6	150
Amortization of discounts on bonds and other	37,727	36,803	32,421	31,627
<b>Sub-total</b>	<b>2,902,229</b>	<b>3,170,959</b>	<b>2,494,074</b>	<b>2,725,011</b>
Income not involving cash receipts:				
Gain on valuation of short-term investment securities	(14,086)		(12,105)	
Foreign translation gain	(72,954)	(422,733)	(62,694)	(363,282)
Reversal of allowance for doubtful accounts		(1,295)		(1,113)
Equity in earnings of affiliates	(63,804)	(41,605)	(54,831)	(35,754)
Gain on disposal of investment assets	(116,118)	(18,661)	(99,788)	(16,037)
	(24,547)	(4,217)	(21,095)	(3,624)

Gain on disposal of property, equipment and intangible assets				
Gain on transactions and valuation of currency swap	(108,293)	(264,417)	(93,063)	(227,231)
Gain on valuation of currency option	(1,014)		(871)	
Other	(53,950)	(1,378)	(46,363)	(1,183)
Sub-total	(454,766)	(754,306)	(390,810)	(648,224)
Changes in assets and liabilities related to operating activities:				
Accounts receivable trade	(76,425)	9,314	(65,677)	8,004
Accounts receivable other	(816,259)	(378,030)	(701,464)	(324,866)
Inventories	(10,088)	(2,152)	(8,669)	(1,849)
Prepaid expenses	42,771	16,817	36,756	14,452
Advanced payments and other	17,998	(22,459)	15,466	(19,301)
Long-term accounts receivables other	(254,795)	(572,139)	(218,962)	(491,676)
Accounts payable	91,623	(72,889)	78,738	(62,638)
Income tax payable	68,881	8,149	59,194	7,003
Accrued expenses	274,601	374,153	235,982	321,534
Withholdings	(44,019)	62,511	(37,828)	53,720
Current portion of subscription deposits	(277)	(458)	(238)	(394)
Advanced receipts and other	10,010	(17,748)	8,602	(15,252)
Deferred income taxes	(228,392)	(253,647)	(196,272)	(217,975)
Severance indemnities payments	(26,122)	(15,051)	(22,448)	(12,934)
Deposits for group severance indemnities and other deposits	(8,049)	(19,671)	(6,917)	(16,905)
Dividends received from affiliate	6,817	7,608	5,858	6,538
Sub-total	(951,725)	(875,692)	(817,879)	(752,539)
Net Cash Provided by Operating Activities	2,784,078	2,818,619	2,392,539	2,422,222

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Korean won		Translation into U.S. dollars (Note 2)	
	2009	2008	2009	2008
	(In millions)		(In thousands)	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash inflows from investing activities:				
Withdrawal of long-term financial instruments	₩ -	₩ 10,000	\$ -	\$ 8,594
Disposal of short-term investment securities, net	13,704	360,707	11,777	309,979
Collection of short-term loans	333,225	205,758	286,362	176,821
Collection of long-term loans	41,123	8,582	35,340	7,375
Proceeds from sales of long-term investment securities	1,966,854	370,354	1,690,245	318,269
Proceeds from sales of equity securities accounted for using the equity method	6,444	7,616	5,538	6,545
Decrease in guarantee deposits	25,653	16,143	22,045	13,873
Decrease in other non-current assets	11,135	30,454	9,569	26,171
Proceeds from disposal of property and equipment	60,393	11,903	51,900	10,229
Proceeds from disposal of intangible assets	4,897	9,344	4,208	8,030
Cash inflows from transaction of currency swap	85,080		73,115	
Cash inflows from transaction of currency option	1,014		871	
 Sub-total	 2,549,522	 1,030,861	 2,190,970	 885,886
 Cash outflows for investing activities:				
Acquisition of short-term financial instruments	(79,651)	(19,046)	(68,449)	(16,367)
Acquisition of long-term financial instruments	(6,500)		(5,586)	
Extension of short-term loans	(251,196)	(245,284)	(215,869)	(210,788)
Extension of long-term loans	(15,379)	(29,676)	(13,216)	(25,503)
Acquisition of long-term investment securities	(489,338)	(11,557)	(420,520)	(9,932)
Acquisition of equity securities accounted for using the equity method	(451,702)	(1,893,236)	(388,177)	(1,626,981)
Increase in guarantee deposits and other	(125,908)	(88,769)	(108,201)	(76,286)
Acquisition of property and equipment	(1,683,087)	(1,803,750)	(1,446,386)	(1,550,079)
Increase in intangible assets	(51,807)	(71,431)	(44,521)	(61,385)
	(177,848)	(262,324)	(152,836)	(225,432)

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Cash outflows from transaction of currency swap				
Cash outflows from business acquisition	(894,784)		(768,946)	
Sub-total	(4,227,200)	(4,425,073)	(3,632,707)	(3,802,753)
Net Cash Used in Investing Activities	(1,677,678)	(3,394,212)	(1,441,737)	(2,916,867)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash inflows from financing activities:				
Issuance of bonds	1,114,937	894,558	958,138	768,752
Proceeds from short-term borrowings		154,700		132,944
Proceeds from long-term borrowings		500,000		429,682
Increase in guarantee deposits received and other	16,572	4,334	14,241	3,724
Proceeds from disposal of treasury stock		42,246		36,305
Sub-total	1,131,509	1,595,838	972,379	1,371,407
Cash outflows for financing activities:				
Repayment of short-term borrowings	(746,849)		(641,816)	
Repayment of current portion of long-term debts	(715,672)	(411,642)	(615,023)	(353,751)
Repayment of bonds	(60,216)		(51,748)	
Payment of dividends	(681,548)	(682,504)	(585,698)	(586,520)
Decrease in subscription deposits		(1,630)		(1,401)
Acquisition of treasury stock	(28,939)	(63,538)	(24,869)	(54,602)
Cash outflows from transaction of currency swap	(4,348)		(3,737)	
Decrease in other non-current liabilities	(13,938)	(2,400)	(11,978)	(2,062)
Sub-total	(2,251,510)	(1,161,714)	(1,934,869)	(998,336)
Net Cash Provided by (Used in) Financing Activities	(1,120,001)	434,124	(962,490)	373,071
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,601)	(141,469)	(11,688)	(121,574)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	434,177	575,646	373,116	494,690
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	₩ 420,576	₩ 434,177	\$ 361,428	\$ 373,116

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**1. GENERAL**

SK Telecom Co., Ltd. (the Company) was incorporated in March 1984 under the laws of Korea to engage in providing nationwide cellular telephone communication services in the Republic of Korea. The Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange and the New York and London Stock Exchanges, respectively. As of December 31, 2009, the Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Group	18,748,452	23.22
POSCO Corp.	2,341,569	2.90
Institutional investors and other minority shareholders	51,254,978	63.48
Treasury stock	8,400,712	10.40
	80,745,711	100.00

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea. The accompanying financial statements were approved by the Company's board of directors on January 21, 2010. In accordance with the revised Act on External Audit for Stock Companies, effective January 1, 2009, the Company renamed the balance sheets to statements of financial position. Significant accounting policies followed in preparing the accompanying financial statements are summarized as follows:

**a. Basis of Presentation**

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea (Korean GAAP). Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with accounting principles generally accepted in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in stockholders' equity or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of financial statements and has been made at the rate of ₩1,163.65 to US\$1.00, the Noon Buying Rate in the City of New York for cable transfers in Korean won as certified for

customs purposes by the Federal Reserve Bank of New York on the last business day of the period ended December 31, 2009. Such translations into U.S. dollars should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that or any other rate.

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b. Cash Equivalents

Cash equivalents are highly liquid investments and short term financial instruments, which are readily convertible to cash without significant transaction cost, do not have significant risk of changes in interest rates, and with original maturities of three months or less.

c. Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on the estimated collectibility of individual accounts and historical bad debt experience.

d. Inventories

Inventories, which consist mainly of replacement units for wireless telecommunication facilities, supplies for sales promotion and merchandise for e-commerce business, are stated at the lower of cost or market value, with cost determined using the moving average method. The Company maintains a perpetual inventory system, which is adjusted to physical inventory counts performed at year end. When the market value of inventories is less than the acquisition cost, the carrying amount is reduced to the market value and any difference is charged to current operations as operating expenses. There was no such loss for the years ended December 31, 2009 and 2008.

e. Securities (Excluding Equity Securities Accounted for Using the Equity Method)

Debt and equity securities are initially recorded at their acquisition costs (fair value of consideration paid) including incidental cost incurred in connection with acquisition of the related securities and classified into trading and available-for-sale and in the case of debt securities into held-to-maturity securities as well depending on the acquisition purpose and nature.

Trading securities are stated at fair value with gains or losses on valuation reflected in current operations.

Securities classified as available-for-sale are reported at fair value. Unrealized gains or losses on valuation of available-for-sale securities are included in accumulated other comprehensive income (loss) and the unrealized gains or losses are reflected in net income when the securities are sold or if there is an objective evidence of impairment such as bankruptcy of investees. Equity securities are stated at acquisition cost if fair value cannot be reliably measured.

Held-to-maturity securities are presented at acquisition cost after premiums or discounts are amortized or accreted, respectively. The Company recognizes write-downs resulting from declines in the fair value below its book value on the balance sheet date if there is objective evidence of impairment. The related write-downs are recorded in current operations as a loss on impairment of investment securities.

Trading securities are presented in the current asset section of the financial position, and available-for-sale and held-to-maturity securities are presented in the current asset section of the statements of financial position if their maturities are within one year; otherwise, such securities are recorded in the non-current section of the statements of financial position.



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f. Equity Securities Accounted for Using the Equity Method

Investment securities of affiliated companies, in which the Company has the ability to exercise significant influence, are carried using the equity method of accounting, whereby the Company's initial investment is recorded at cost and the carrying value is subsequently increased or decreased to reflect the Company's portion of stockholders' equity of the investee. Differences between the purchase cost and net asset fair value of the investee are amortized over 5 to 20 years using the straight-line method. When applying the equity method of accounting, unrealized inter-company gains and losses are eliminated (See Note 4). In addition, the Company provides for additional losses for those investments accounted for using the equity method that are reduced to zero to the extent that the Company has other investment assets related to the equity method investees.

When the Company's share of equity interest in the equity method investees increases as a result of capital transactions of the investees with (or without) consideration, the increase in the Company's proportionate shares in the investees are treated as goodwill or negative goodwill and when the Company's share of equity interest in the equity method investees decreases as a result of capital transactions of the investees with (or without) consideration, the decrease in the Company's proportionate shares in the investees are accounted for as gain or loss on disposal. However, if equity method investees are subsidiaries, such differences in the Company's proportionate shares in the investees are accounted for as increase (decrease) in capital surplus (or capital adjustments).

In translating the foreign currency statements of the Company's foreign-based investees, the Company applies (a) the current rate of exchange at the end of the reporting period to the items in investee's statements of financial position (except historical rates applied for stockholders' equity), and (b) the average rate for the current period for items in the statements of income. After translating the items in the statements of financial position and income as noted above, the Company's portion of the amount after deducting the translated total liabilities from translated total assets and equity is recorded as accumulated other comprehensive income (loss) in the Company's stockholders' equity.

g. Valuation of Long-term Accounts Receivable - Other

Long-term accounts receivable are stated at the present value of the expected future cash flows. Imputed interest amounts are recorded in present value discount accounts which are deducted directly from the related nominal receivable balances. Such imputed interest is included in operations using the effective interest rate method over the collection period.

h. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Major renewals and betterments, which prolong the useful life or enhance the value of assets, are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is computed using the declining balance method (except for buildings and structures acquired on or after January 1, 1995 which are depreciated using the straight-line method) over the estimated useful lives (4-30 years) of the related assets.

Interest expense and other financing charges for borrowings related to the manufacture or construction of property and equipment are charged to current operations as incurred.

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## i. Intangible Assets

Intangible assets are recorded at cost, less amortization computed using the straight-line method over 5 to 20 years. The amortization for the years ended December 31, 2009 and 2008 were ₩482,813 million and ₩468,478 million, respectively.

With its application for a license to provide IMT 2000 service, the Company has a commitment to pay ₩1,300,000 million to the Ministry of Information Communication ( MIC ). Of which, ₩650,000 million was paid in March 2001 by SK IMT Co., Ltd. (a former subsidiary of the Company), which was merged into the Company on May 1, 2003, and the remainder is required to be paid over 10 years with an annual interest rate equal to the 3-year-maturity government bond rate minus 0.75% (3.37% as of December 31, 2009). The future payment obligations are ₩150,000 million and ₩170,000 million in 2010 and 2011, respectively. On December 4, 2001, SK IMT Co., Ltd. received the IMT 2000 license from MIC, and recorded the total license cost (measured at present value) as an intangible asset. As a result of the merger with SK IMT Co., Ltd., the Company acquired such IMT license of ₩1,259,253 million and assumed the related long-term payable with principal amount of ₩650,000 million on May 1, 2003 (the date of merger). Amortization of the IMT license commenced when the Company started its commercial IMT 2000 service in December 2003, using the straight-line method over the estimated useful life of the IMT license which expires in December 2016. As of December 31, 2009, the present value discount related to the current portion and long-term portion of payments to be made to MIC totaled ₩929 million and ₩5,837 million, respectively.

## j. Impairment Losses

When the recoverable amount of assets (that are not recorded at fair value) including investment assets (except for trading and available for sale investments in listed companies), property and equipment, and intangible assets is significantly less than the carrying value due to obsolescence, physical damage, decline in market value or other causes, the carrying value is reduced to the recoverable amount and any difference is charged to current operation as an impairment loss. The Company recorded such impairment loss of nil and ₩6,906 million for the years ended December 31, 2009 and 2008, respectively.

## k. Convertible Bonds

The proceeds from issuance of convertible bonds are allocated between the conversion rights and the debt issued; and the portion allocable to the conversion rights is accounted for as capital surplus with a corresponding conversion right adjustment deducted from the related bonds. Such conversion right adjustment is amortized to interest expense using the effective interest rate method over the redemption period of the convertible bonds. The portion allocable to the conversion rights is measured by deducting the present value of the debt at the time of issuance from the gross proceeds from issuance of convertible bonds, with the present value of the debt being computed by discounting the expected future cash flows (including call premium, if any) using the effective interest rate applied to ordinary or straight debt of the Company at the issue date.

## l. Discounts on Bonds

Discounts on bonds are amortized to interest expense using the effective interest rate method over the redemption period of the bonds.

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m. Valuation of Long-term Payables

Long-term payables resulting from long-term installment transactions are stated at the present value of the expected future cash flows. Imputed interest amounts are recorded in present value discount accounts which are deducted directly from the related nominal payable balances. Such imputed interest is included in operations using the effective interest rate method over the redemption period.

n. Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when i) it has a present obligation as a result of a past event, ii) it is probable that a disbursement of economic resources will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation (See Note 22). When a possible range of loss in connection with a probable loss contingency as of the balance sheet date is estimable with reasonable certainty, and some amount within that range appears at the time to be a better estimate than any other amount within the range, the Company accrues such amount. When no amount within the range appears to be a better estimate than any other amount, the minimum in that range is recorded.

The Company does not recognize the following contingent obligations as liabilities:

Possible obligations related to past events, for which the existence of a liability can only be confirmed upon occurrence of uncertain future event or events outside the control of the Company.

Present obligations arising out of past events or transactions, for which i) a disbursement of economic resources to fulfill such obligations is not probable or ii) a disbursement of economic resources is probable, but the related amount cannot be reasonably estimated.

In addition, the Company does not recognize potential assets related to past events or transactions, for which the existence of an asset or future benefit can only be confirmed upon occurrence of uncertain future event or events outside the control of the Company.

o. Accrued Severance Indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to receive severance indemnities upon termination of their employment based on length of service and rate of pay. Accruals for severance indemnities are recorded to approximate the amount required to be paid if all employees were to terminate at the end of the reporting period.

The Company has deposits with insurance companies to fund the portion of the employees' severance indemnities which is in excess of the tax deductible amount allowed under the Corporate Income Tax Law, in order to take advantage of the additional tax deductibility for such funding. Such deposits with outside insurance companies, where the beneficiaries are the Company's employees, totaling ~~₩66,476 million and ₩58,427 million~~ as of December 31, 2009 and 2008, respectively, are deducted from accrued severance indemnities.

Actual payment of severance indemnities amounted to ₩26,121 million and ₩15,051 million for the years ended December 31, 2009 and 2008, respectively.

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p. Research and Development Costs

The Company charges substantially all research and development costs to expense as incurred. The Company incurred internal research and development costs of ₩233,469 million and ₩221,501 million for the years ended December 31, 2009 and 2008, respectively. In addition, external research and development costs were ₩55,528 million and ₩71,942 million for the years ended December 31, 2009 and 2008, respectively.

q. Accounting for Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded in Korean won based on the prevailing rate of exchange at the dates of transactions. Monetary assets and liabilities denominated in foreign currency are translated into Korean won at the Base Rates announced by Seoul Money Brokerage Services, Ltd. at the end of the reporting period, which were ₩1,167.60 and ₩1,257.50 to US\$1.00 at December 31, 2009 and 2008, respectively. The resulting gains or losses arising from the translation or settlement of such assets and liabilities are included in current operations.

r. Derivative Instruments

The Company records rights and obligations arising from derivative instruments as assets and liabilities, which are stated at fair value. The gains and losses that result from the change in the fair value of derivative instruments are reported in current earnings. However, for derivative instruments designated as hedging the exposure of variable cash flows, the effective portions of the gains or losses on the hedging instruments are recorded as accumulated other comprehensive income (loss) and credited/charged to operations at the time the hedged transactions affect earnings, and the ineffective portions of the gains or losses are credited/charged immediately to operations.

s. Revenue Recognition

Operating revenue is recognized when cellular telephone communication and related services are provided.

t. Income Tax

Income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets and liabilities. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences with some exceptions and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred income tax assets and liabilities are classified into current and non-current based on the classification of related assets or liabilities for financial reporting purposes (See Note 15).

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## u. Handset Subsidies

Effective April 1, 2008, the Telecommunication Business Act was revised to allow wireless carriers to provide handset subsidies to customers without any restrictions. As a result, the Company provides lump-sum handset subsidies to customers who agree to use the Company's service for the predetermined service period and the subsidies are charged to commission paid as the related payments are made. In case where the customers agree to use the Company's service for the predetermined service period and purchase handsets on installment basis, the subsidies are paid every month over the installment period and the Company provides provision for handset subsidies estimated to be paid based on the historical experience (See Note 22).

## v. Use of Estimates

The Company's management makes reasonable estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the Republic of Korea. These estimates and assumptions can change according to additional experiences, changes in circumstances, new information and other and could differ from actual results.

**3. INVESTMENT SECURITIES****a. Short-term Investment Securities**

Short-term investment securities as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009		2008	
	Acquisition cost	Fair value	Carrying amount	Fair value and carrying amount
Trading securities (Note)	₩ 365,000	₩ 370,126	₩ 370,126	₩ 366,040
Current portion of long-term investment securities	56	56	56	3,704
Total	₩ 365,056	₩ 370,182	₩ 370,182	₩ 369,744

(Note) The Company's trading securities as of December 31, 2009 are all beneficiary certificates, and the difference between the fair value and acquisition cost was recorded in other income (expenses) as gain (loss) on valuation of short-term investment securities.

**b. Long-term Investment Securities**

Long-term investment securities as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009	2008
Available-for-sale equity securities	₩ 2,026,921	₩ 3,066,306
Available-for-sale debt securities	393,397	4,787
Total	2,420,318	3,071,093
Less: current portion	(56)	(3,704)
Long-term portion	₩ 2,240,262	₩ 3,067,389

**Table of Contents****b-(1). Available-for-sale Equity Securities**

Available-for-sale equity securities as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Number of shares	2009 Acquisition Percentage (%)	2009 Acquisition cost	Fair value	Carrying amount	
					2009	2008
<b>(Investments in listed companies)</b>						
SK C&C Co., Ltd.	4,500,000	9.0	₩ 150,495	₩ 201,600	(Note a) ₩ 201,600	₩ 676,716
Digital Chosunilbo Co., Ltd.	2,890,630	7.8	5,781	6,995	6,995	5,636
KRTnet Corporation	234,150	4.4	1,171	1,573	1,573	1,098
POSCO Corp.	2,481,310	2.8	332,662	1,533,450	1,533,450	942,898
LG Powercomm Co., Ltd.					(Note b)	39,000
nTels Co., Ltd.	205,200	6.2	34	1,161	1,161	504
Sprint Nextel	17,368,246	0.6	75,363	74,215	(Note c) 74,215	
China Unicom Ltd.					(Note b)	1,357,648
Qualcomm Inc.					(Note b)	2,514
DAEA TI Co., Ltd. Extended Computing Environment Co., Ltd.					(Note b)	89
Sub-total			565,506	1,818,994		1,818,994
						3,026,143
<b>(Investments in non-listed companies)</b>						
The Korea Economic Daily	2,585,069	13.8	13,964	(Note e) 13,964	13,964	13,964
Others			127,840	(Notes d & e) 127,840	5,601	12,932
Sub-total			141,804		19,565	26,896
<b>(Investments in funds)</b>						

Global Opportunities			(Note f)		
Breakaway Fund	186,390	175,140		175,140	
Others	13,222	(Notes b & e)		13,222	13,267
Sub-total	199,612			188,362	13,267
Total	₩ 906,922			₩ 2,026,921	₩ 3,066,306

(Note a) As the common stocks of SK C&C were listed on the Stock Market of Korea Exchange during the year ended December 31, 2009, the Company sold 10,500,000 shares through initial public offering and recorded the residual investment at its market value as of December 31, 2009. In addition, the Company recorded unrealized gain on valuation of investments of ₩74,051 million (net of tax effect ₩23,642 million) as of December 31, 2009.

(Note b) The investments in common stock of China Unicom Ltd. and others were all sold during the year ended December 31, 2009 and the difference between the disposal price and acquisition cost was recorded as loss on disposal of long term investment securities.

(Note c) For the year ended December 31, 2009, equity securities accounted for using equity method of Virgin Mobile USA, Inc. and Helio, Inc. were exchanged into the equity interest in Sprint Nextel.

(Note d) Due to the impairment of the investment of Mobinex Inc. and others, the Company recorded ₩6,246 million of impairment loss on investment securities for the year ended December 31, 2009.

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(Note e) As a reasonable estimate of fair value could not be made, the investment is stated at acquisition cost.

(Note f) For the year ended December 31, 2009, the Company entered into limited partnership agreement with overseas private fund. In accordance with the partnership agreement, the Company has contributed US\$150 million out of total capital commitment of US\$200 million. In addition, the difference between the fair value and acquisition cost of ₩8,775 million (net of tax effect of ₩2,475 million) was recorded as unrealized loss on valuation of long-term investment securities in other comprehensive loss.



**b-(2). Available-for-sale Debt Securities**

Available-for-sale debt securities as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Maturity	Acquisition cost	Carrying amount	
			2009	2008
Public bonds	(Note a) October 2011	₩ 457	₩ 457	₩ 1,236
Closed beneficiary certificates	2011	131	8	3,551
Bond-type beneficiary certificates	June 2011	300,000	300,134	
Subordinated bonds (Note b)		90,980	90,980	
Convertible bonds of Magic Tech Network (Note c)	March 2011	1,818	1,818	
Total		393,386	393,397	4,787
Less current portion		(56)	(56)	(3,704)
Long-term available-for-sale debt securities		₩ 393,330	₩ 393,341	₩ 1,083

The interest income incurred from available-for-sale debt securities for the year ended December 31, 2009 and 2008 amounted to ₩289 million and ₩5,523 million, respectively.

(Note a) The maturities of public bonds as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Maturity	2009	2008
Within one year		₩ 56	₩ 153
After one year but within five years		401	1,083
		₩ 457	₩ 1,236

(Note b) The Company purchased subordinated bonds issued by special purpose company in the asset-backed securitization of accounts receivable-other resulting from its mobile phone dealer financing plan (See Note 28).

(Note c) On September 3, 2009, the Company purchased convertible bonds of Magic Tech Network for US\$1,458,065. Such convertible bonds have conversion price of US\$274.749 per share of common stock of Magic Tech Network.

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**Table of Contents****b-(3). Changes in Unrealized Gains (Losses) on Investments in Common Stock**

The changes in unrealized gains (losses) on investments in common stock for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	For the year ended December 31, 2009			
	Beginning balance	Increase (decrease)	Transferred to realized gain (loss)	Ending balance
Available-for-sales securities:				
Unrealized gain on valuation of long-term investment securities	₩ 941,096	₩ 591,545	(₩231,282)	₩ 1,301,359
Unrealized loss on valuation of long-term investment securities	(401,945)	(12,303)	401,728	(12,520)
Sub-total	539,151	579,242	170,446	1,288,839
Less tax effect	(125,881)	(127,402)	(32,411)	(285,694)
Total	₩ 413,270	₩ 451,840	₩ 138,035	₩ 1,003,145
	For the year ended December 31, 2008			
	Beginning balance	Increase (decrease)	Transferred to realized gain (loss)	Ending balance
Available-for-sales securities:				
Unrealized gain on valuation of long-term investment securities	₩ 2,402,284	(₩1,461,188)	₩	₩ 941,096
Unrealized loss on valuation of long-term investment securities	(158,575)	(248,522)	5,152	(401,945)
Sub-total	2,243,709	(1,709,710)	5,152	539,151
Less tax effect	(617,020)	492,556	(1,417)	(125,881)
Total	₩ 1,626,689	(₩1,217,154)	₩ 3,735	₩ 413,270

**Table of Contents****4. EQUITY SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD**

Equity securities accounted for using the equity method of accounting as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Number of shares	2009		Net asset value	Carrying amount	
		Ownership percentage (%)	Acquisition cost		2009	2008
SK Broadband Co., Ltd.	149,638,354	50.6	₩ 1,450,804	₩ 707,292(Note a)	₩ 1,242,247	₩ 1,146,736
SK Communications Co., Ltd.	28,029,945	64.8	175,441	137,730	148,831	147,392
SK Telink Co., Ltd.	943,997	90.8	5,296	133,030	133,030	112,358
SK Marketing & Company Co., Ltd.	5,000,000	50.0	190,000	112,531	112,531	101,345
PS&Marketing Corporation	30,000,000	100.0	150,000	133,934(Note b)	133,934	
SK Wyverns Baseball Club Co., Ltd.	199,997	100.0	1,000	(2,020)		
Paxnet Co., Ltd.	5,590,452	59.7	26,563	16,665	30,611	30,086
F&U Credit Information Co., Ltd.	300,000	50.0	2,410	4,021	4,481	4,244
TU Media Corp.	28,538,064	44.2	151,980	11,710	11,710	14,847
Aircross Co., Ltd.				(Note c)		7,289
IHQ, Inc.	14,960,784	37.1	51,846	11,917	20,178	26,957
Ntreev Soft Co., Ltd.	2,064,970	63.7	33,196	7,708	7,708	9,575
Commerce Planet Co., Ltd.	29,396	100.0	8,251	139	139	1,535
Loen Entertainment, Inc.	16,054,812	63.5	57,874	39,826	40,234	35,895
Harex Info Tech, Inc.	225,000	21.2	3,375	62	62	598
SK Mobile		20.0	4,930		2,111	2,111
SKT Vietnam PTE Ltd.	180,476,700	73.3	191,273	81,651	26,264	112,160
Skytel Co., Ltd.	1,951,777	29.3	2,159	14,958	14,958	12,381
SK China Company Ltd.	94,960	29.7	6,159	5,004	3,918	3,657
SK Telecom China Co., Ltd.		100.0	7,340	9,444	9,444	7,157
TR Entertainment		42.2	10,953	2,317	7,560	9,626
ULand Company Ltd.	14,100,100	70.1	17,511	3,819	3,819	5,401
				(Note d)		62,096

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Virgin Mobile USA, Inc.						
SKT Americas, Inc.	109	100.0	30,457	26,131	26,131	36,126
SK Telecom China Holding Co., Ltd.		100.0	29,595	23,396(Note e)	23,396	30,780
SK USA, Inc.	49	49.0	3,184	5,498	5,498	5,041
Helio, Inc.	79,437	14.3	134	12(Note d)	12	116
Korea IT Fund	190	63.3	190,000	220,957	220,957	210,725
1st Music Investment Fund of SK-PVC	1,385	69.3	6,925	4,695	4,695	5,688
2nd Music Investment Fund of SK-PVC	1,585	79.3	7,925	8,036	8,036	8,441
SK-KTB Music Investment Fund	14,850,000,000	74.2	14,850	13,538	13,538	13,954
Stonebridge Cinema Fund (formerly IMM Cinema Fund)	120	45.6	12,000	8,256	8,256	8,435
Michigan Global Cinema Fund	40	36.4	4,000	3,651	3,651	3,577
3rd Fund of Isu Entertainment	25	31.3	2,500	1,635	1,635	1,568
SK Telecom Advanced Tech & Service Center		100.0	6,989	9,536	9,536	10,053
Cyworld China Holdings	10,500,000	53.8	10,272	(529)		2,117
Magic Tech Network	4,500	30.0	8,494	941	5,267	7,725
SK Telecom Global Investment B.V.	18,000	100.0	39,319	41,013(Note e)	41,013	31,866
SKY Property Mgmt. Ltd.	22,980	60.0	283,370	264,848	264,848	287,405

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	Number of shares	2009		Acquisition cost	Net asset value	Carrying amount	
		Ownership percentage (%)				2009	2008
Wave City Development Co. Ltd.	382,000	19.1		1,967	1,532	1,532	1,908
Prmaxsoftware Tech. Co., Ltd.		97.2	₩	11,665	₩ 2,432(Note e)	₩ 2,432	₩ 7,127
Benex Digital Cultural Contents Fund	50	19.9		5,000	4,912	4,912	5,068
Benex Focus Limited Partnership II	200	66.7		20,000	19,782	19,782	20,089
K-net Culture & Contents Venture Fund	118	59.0		11,800	11,157(Note e)	11,157	5,856
Open Innovation Fund	200	98.5		20,000	19,938	19,938	20,044
UniSk	49	49.0		3,475	4,247	4,247	3,475
SK Beijing Industrial Development Co., Ltd.	19,843,800	100.0		23,709	18,009(Note f)	18,009	
Cyworld Japan	375,000	30.0		3,141	66	66	3,141
Cyworld Inc.	2,850,000	30.0		2,672	(3,296)		2,672
Daehan Kanggun BcN Co., Ltd.	1,461,486	29.0		7,307	7,272(Note g)	7,272	
SKT Holdings America					(Note h)		12,990
SK Telecom Europe Limited	690,000	100.0		1,286	(Note i)	1,286	1,286
Total				₩ 3,310,397		₩ 2,680,872	₩ 2,600,719

(Note a) For the year ended December 31, 2009, the Company additionally invested ₩241,176 million in SK Broadband Co., Ltd. which

increased the Company's ownership from 43.4% to 50.6%.

(Note b) For the year ended December 31, 2009, the Company acquired 30,000,000 shares of PS&Marketing Corporation. As a result, the Company holds 100.0% of PS&Marketing Corporation.

(Note c) For the year ended December 31, 2009, Aircross Co., Ltd. was fully liquidated.

(Note d) For the year ended December 31, 2009, the Company exchanged the equity interest in Virgin Mobile Inc. and Helio Inc. into the equity interest in Sprint Nextel.

(Note e) For the year ended December 31, 2009, the Company additionally invested ₩6,302 million in SK Telecom

China Holding  
Co., Ltd.,  
~~₩~~13,274 million  
in SK Telecom  
Global  
Investment  
B.V.,  
~~₩~~4,538 million  
in  
Prmaxsoftware  
Tech. Co., Ltd.  
and  
~~₩~~5,900 million  
in K-net Culture  
& Contents  
Venture Fund.

(Note f) For the year  
ended  
December 31,  
2009, the  
Company  
acquired  
19,843,800  
shares of SK  
Beijing  
Industrial  
Development  
Co., Ltd. As a  
result, the  
Company holds  
100.0% of SK  
Beijing  
Industrial  
Development  
Co., Ltd.

(Note g) For the year  
ended  
December 31,  
2009, the  
Company  
acquired  
1,461,486  
shares of  
Daehan  
Kanggun BcN  
Co., Ltd. As a  
result, the  
Company holds  
29.0% of



Daehan  
Kanggun BcN  
Co., Ltd.

(Note h) For the year  
ended  
December 31,  
2009, SKT  
Americas, Inc.  
merged with  
SKT Holding  
America, and as  
such, the book  
value of the  
investment in  
SKT Holding  
America was  
transferred to  
the investment  
in SKT  
Americas, Inc.  
as of  
December 31,  
2009.

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(Note i) As allowed under Korean GAAP, investments in equity securities of SK Telecom Europe Limited and others were stated at their acquisition cost instead of amount valued using the equity method of accounting, as changes in the Company's portion of stockholders equity of such investees were not expected to be material.

Details of the changes in investments in affiliates accounted for using the equity method for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Beginning balance	Acquisition	For the year ended December 31, 2009							
			Equity in earnings (losses)	Equity in other comprehensive Income	Capital Surplus	Equity method in retained earnings	Equity method in capital adjustments	Dividend received	Other increase (decrease)	
band	(Note a) ₩ 1,146,736	₩ 241,176	(₩)117,528	₩ 5,841	₩	(₩)56,043	₩ 22,065	₩	₩	₩ 1
ications	(Note a)	147,392	(482)	(19,027)	2,049		18,899			
Co.,	(Notes a and b)	112,358	26,835	162				(6,325)		
ting & Co.,	(Note a)	101,345	16,067	(4,881)						
eting on rns Club	(Note a)	150,000	(16,066)							
, Ltd.	(Note a)	30,086	28	(281)			281	(492)		(28)

	(Notes a and b)					
lit on Co.,	(Note a)	4,244	237			
Corp.	(Note a)	14,847	(3,137)	36	(36)	
Co.,	(Notes a and c)	7,289				(7,289)
	(Note a)	26,957	(7,641)	(5,108)		5,970
ft Co.,	(Note a)	9,575	(1,963)	47		49
e Planet	(Note a)	1,535	(1,396)			
ment,	(Note a)	35,895	1,717	2,944		(322)
o Tech,	(Note a)	598	(536)			
e nam	(Note a)	2,111				
	(Note a)	112,160	(71,649)	(14,247)		
, Ltd.	(Note a)	12,381	5,192	(2,615)		
Ltd.	(Note a)	3,657	669	(408)		
om , Ltd.	(Note a)	7,157	(91)	2,378		
ment company	(Note a)	9,626	(1,894)	(172)		
	(Note a)	5,401	(1,268)	(314)		
obile	(Notes a and d)	62,096	(11,529)	11		(50,578)
ricas,	(Notes a and e)	36,126	(20,589)	(2,396)		12,990
om ding	(Note a)	30,780	6,302	(11,738)	(1,948)	
Inc.	(Note a)	5,041	865	(408)		
	(Notes a and d)	116		(26)		26
Fund	(Note a)	210,725	8,821	1,411		(104)
at Fund C	(Note a)	5,688	(1,146)	153		
at Fund C	(Note a)	8,441	(405)			
Music at Fund	(Note a)	13,954	(341)	(76)		1
ge und	(Note a)	8,435	(179)			

IMM und) Global und	(Note a)	3,577		74		
of Isu ment	(Note a)	1,568		67		
om Tech Center	(Note a)	10,053		246	(763)	
China	(Note a)	2,117		(1,062)	(127)	(928)
ch om	(Note a)	7,725		(2,403)	(55)	
t B.V. erty	(Note a)	31,866	13,274	40	(4,167)	
l.	(Note a)	287,405		827	(23,384)	

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	For the year ended December 31, 2009								
	Beginning balance	Acquisition	Equity in earnings (losses)	Equity in other comprehensive Income	Capital Surplus	Equity method in retained earnings	Equity method in capital adjustments	Dividend received	Other increase (decrease)
(Note a)	1,908		(376)						
(Note a)	7,127	4,538	(9,526)	293					
(Note a)	5,068		(156)						
(Note a) ₩	20,089 ₩		(₩307) ₩		₩	₩	₩	₩	₩
(Note a)	5,856	5,900	(599)						
(Note a)	20,044		(106)						
(Note a)	3,475		1,101	(329)					
(Note a)		23,709	(5,448)	(252)					
(Note a)	3,141		(3,063)	(12)					
(Note a)	2,672		(2,672)						
(Notes a and f)		6,803	(35)						504
(Notes a and e)	12,990								(12,990)
(Note a)	1,286								
	₩2,600,719	₩451,702	(₩231,528)	(₩67,720)	₩2,013	(₩56,043)	₩46,041	(₩6,817)	(₩57,495)
(Note a)	Investments were recorded using the equity method of accounting								

based on unaudited and unreviewed financial statements as of and for the year ended December 31, 2009. In order to verify the reliability of such unaudited and unreviewed financial statements, the Company has performed the following procedures and found no significant errors:

- i) Obtained the signature from the chief executive officer of the equity method investee asserting that the unaudited and unreviewed financial statements are accurate
- ii) Checked whether the major transactions identified by the Company, including public disclosures, were appropriately reflected in the unaudited and unreviewed financial statements
- iii) Performed an analytical review on the unaudited and unreviewed financial statements

(Note b) The Company received dividends from SK Telink Co., Ltd. and Paxnet Co., Ltd. which were deducted from the carrying amount of equity securities accounted for using the equity method.

(Note c) Other decrease in investments in Aircross Co., Ltd. represents the collection of the Company's investment

resulting from  
the full  
liquidation of  
Aircross Co.,  
Ltd.

(Note d) Other decrease  
in investments  
in Virgin  
Mobile Inc.  
generated from  
the equity  
interest  
exchange of  
Sprint Nextel.

(Note e) For the year  
ended  
December 31,  
2009, SKT  
Americas, Inc.  
merged with  
SKT Holding  
America, and as  
such, the book  
value of the  
investment in  
SKT Holding  
America was  
transferred to  
the investment  
in SKT  
Americas, Inc.  
as of  
December 31,  
2009.

(Note f) Other increase  
in investments  
in Daehan  
Kanggun BcN  
Co., Ltd.  
generated from  
the business  
acquisition of  
SK Networks  
Co., Ltd.

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		For the year ended December 31, 2008							
		Beginning balance	Acquisition	Equity in earnings (losses)	Equity in other comprehensive adjustments	Equity method in capital	Dividend received	Other increase (decrease)	Ending balance
SK Broadband Co., Ltd.	(Notes a and c)	₩	₩ 1,093,104	(₩71,111)	₩ 8,218	₩	₩	₩ 116,525	₩ 1,146,736
SK Communications Co., Ltd.	(Note a)	149,850		(16,966)	14,508				147,392
SK Telink Co., Ltd.	(Notes a and b)	97,136		21,208	(39)		(5,947)		112,358
SK Marketing & Company Co. Ltd	(Note a)		190,000	7,576	(96,231)				101,345
SK Wyverns Baseball Club Co., Ltd.	(Note a)			(1,294)					
Paxnet Co., Ltd.	(Notes a and b)	30,237		(111)	407		(447)		30,086
F&U Credit Information Co., Ltd.	(Note a)	3,851		393					4,244
TU Media Corp.	(Note a)	5,527	55,000	(15,039)		(30,641)			14,847
Aircross Co., Ltd.	(Note a)	5,967		1,322					7,289
SHQ, Inc.	(Note a)	38,911		(11,552)	(402)				26,957
Ntreev Soft Co., Ltd.	(Note a)	13,221		(3,396)	92	(342)			9,575
Baba Club	(Notes a and d)	1,733						(1,733)	
Commerce Planet Co., Ltd.	(Notes a and d)	6,266		(4,761)		(1,703)		1,733	1,535
Loen Entertainment, Inc.	(Note a)	21,415	30,000	366	(2,731)	(13,155)			35,895
Harex Info Tech, Inc.	(Note a)	1,118		(520)					598
SK Mobile	(Notes a and e)	3,272	2,004					(3,165)	2,111



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SKT Vietnam PTE Ltd.	(Note a)	101,412		(20,597)	31,416	(71)		112,160
Skytel Co., Ltd.	(Notes a and b)	7,797		3,779	2,019		(1,214)	12,381
SK China Company Ltd.	(Note a)		2,963	287	407			3,657
SK Telecom China Co., Ltd.	(Note a)	7,154		3				7,157
TR Entertainment	(Note a)		10,954	(2,109)	781			9,626
UJLand Company Ltd.	(Note a)	5,290		(1,741)	1,852			5,401
SK Telecom USA Holdings, Inc.	(Notes a and f)	63,023	107,875	(99,386)	41,905	(22,988)	(90,429)	
Virgin mobile Inc.	(Note f)						62,096	62,096
SKT Americas, Inc.	(Note a)	26,454		674	8,998			36,126
SK Telecom China Holding Co., Ltd.	(Note a)	19,070	4,223	(2,686)	10,173			30,780
SK USA, Inc.	(Note a)	3,140		730	1,171			5,041
Helio, Inc.	(Note a)	333		(573)	16	340		116
Korea IT Fund	(Note a)	210,568		4,761	(4,604)			210,725
Centurion IT Investment Association	(Notes a and g)	2,463					(2,463)	
1st Music Investment Fund of SK-PVC	(Note a)	5,607		81				5,688
2nd Music Investment Fund of SK-PVC	(Note a)	8,517		(76)				8,441
SK-KTB Music Investment Fund	(Note a)	13,367		(355)	942			13,954
MM Cinema Fund	(Note a)	9,089		(654)				8,435
Michigan Global Cinema Fund	(Note a)	3,542		35				3,577
3rd Fund of Isu Entertainment	(Note a)	1,690		(122)				1,568
Cyworld China Holdings	(Note a)		10,272	(2,935)	1,011	(6,231)		2,117
Magic Tech Network	(Note a)		8,494	(1,233)	464			7,725
			26,044	190	5,632			31,866

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SK Telecom Global Investment B.V.	(Note a)								
SKY Property Mgmt. Ltd.	(Note a)	283,368	(923)	4,960				287,405	
SK Telecom Advanced Tech & Service Center Wave City Development Co. Ltd.	(Note a)	6,989	(305)	3,369				10,053	
Prmaxsoftware Tech.Co., Ltd.	(Note a)	1,967	(59)					1,908	
Benex Digital Cultural Contents Fund	(Note a)	7,127						7,127	
Benex Focus Limited Partnership II	(Note a)	5,000	68					5,068	
K-net Cultural & Contents Venture Fund	(Note a)	20,000	89					20,089	
Open Innovation Fund	(Note a)	5,900	(44)					5,856	
		20,000	44					20,044	
Total		₩ 874,009	₩ 1,884,295	(₩216,942)	₩ 34,334	(₩74,791)	(₩7,608)	₩ 82,564	₩ 2,577,155

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- (Note a) Investments were recorded using the equity method of accounting based on unaudited and unreviewed financial statements as of and for the year ended December 31, 2008. In order to verify the reliability of such unaudited and unreviewed financial statements, the Company has performed the following procedures and found no significant errors:
- i) Obtained the signature from the chief executive officer of the equity method investee asserting that the unaudited and unreviewed financial statements are accurate
  - ii) Checked whether the major transactions identified by the Company, including public disclosures, were appropriately reflected in the unaudited and unreviewed financial statements
  - iii) Performed an analytical review on the unaudited and unreviewed financial statements
- (Note b) The Company received dividends from SK Telink Co., Ltd., Paxnet Co., Ltd. and Skytel Co, Ltd., which were deducted from the carrying amount of equity securities accounted for using the equity method.

(Note c) Other increase in investments in SK Broadband Co., Ltd. represents the reclassification from available-for-sale securities to equity securities accounted for using the equity method.

(Note d) Other increase (decrease) in investments in Commerce Planet Co., Ltd. (Baba Club) resulted from the merger of Baba Club into Commerce Planet Co., Ltd.

(Note e) Other decrease in investments in equity securities of SK Mobile represent partial disposal of the equity shares.

(Note f) Due to the liquidation of SK Telecom USA Holdings, Inc., a wholly-owned subsidiary of the Company, the Company directly holds ~~₩~~62,096 million of equity interest in Virgin Mobile Inc. and ~~₩~~28,332 million of loans previously held by SK Telecom USA Holdings,

Inc.

(Note g) Other decrease in investments in Centurion IT Investment Association represents the collection of the Company's investment from the full liquidation of Centurion IT Investment Association.

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Details of changes in the differences between the acquisition cost and net asset value of equity method investees at the acquisition date for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	For the year ended December 31, 2009			
	Beginning balance	Increase/ (decrease)	Amortization	Ending balance
SK Broadband Co., Ltd.	₩ 534,050	₩ 26,425	(₩25,521)	₩ 534,954
SK Communications Co., Ltd.	12,122		(892)	11,230
Paxnet Co., Ltd.	15,019		(1,073)	13,946
F&U Credit Information Co., Ltd.	503		(42)	461
IHQ, Inc.	13,767		(5,507)	8,260
Ntreev Soft Co., Ltd.	595		(595)	
Loen Entertainment, Inc.	1,223		(816)	407
Harex Info Tech, Inc.	350		(350)	
Skytel Co., Ltd.	(1,377)	(10)	1,387	
SK China Company Ltd.	72	35	(107)	
TR Entertainment	6,856		(1,613)	5,243
Magic Tech Network	5,563		(1,236)	4,327
Virgin mobile USA, Inc.		19,884	(19,884)	
Prmaxsoftware Tech. Co., Ltd.		672	(672)	
Daehan Kanggun BcN Co., Ltd.		35	(35)	
<b>Total</b>	<b>₩ 588,743</b>	<b>₩ 47,041</b>	<b>(₩56,956)</b>	<b>₩ 578,828</b>

	For the year ended December 31, 2008			
	Beginning balance	Increase/ (decrease)	Amortization	Ending balance
SK Broadband Co., Ltd.	₩	₩ 565,173	(₩31,123)	₩ 534,050
SK Communications Co., Ltd.	21,019	(8,005)	(892)	12,122
Paxnet Co., Ltd.	16,092		(1,073)	15,019
F&U Credit Information Co., Ltd.	545		(42)	503
IHQ, Inc.	19,274		(5,507)	13,767
Ntreev Soft Co., Ltd.	1,282	(92)	(595)	595
Loen Entertainment, Inc.	2,039		(816)	1,223
Harex Info Tech, Inc.	701		(351)	350
Skytel Co., Ltd.		(1,377)		(1,377)
SK China Company Ltd.		72		72
TR Entertainment		8,066	(1,210)	6,856
Magic Tech Network		6,181	(618)	5,563
Baba Club	2,504	(2,504)		
Commerce Planet Co., Ltd.	3,950		(3,950)	
SKT Vietnam PTE Ltd.	363	(363)		
ULand Company Ltd.	4,245		(4,245)	

Total	₩ 72,014	₩ 567,151	(₩ 50,422)	₩ 588,743
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Details of changes in unrealized inter-company gains incurred from sales of assets for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

Subsidiary	For the year ended December 31, 2009			Ending balance
	Beginning balance	Increase	Decrease	
SK Communications Co., Ltd.	₩ 269	₩	(₩141)	₩ 128
SK China Company Ltd.	1,086			1,086
Total	₩ 1,355	₩	(₩141)	₩ 1,214

Subsidiary	For the year ended December 31, 2008			Ending balance
	Beginning balance	Increase	Decrease	
SK Communications Co., Ltd.	₩ 2,192	₩	(₩1,923)	₩ 269
Uland Company Limited.	2,981		(2,981)	
SK China Company Ltd.	1,086			1,086
Total	₩ 6,259	₩	(₩4,904)	₩ 1,355

Details of market price of the equity securities accounted for using the equity method as of December 31, 2009 are as follows (In millions of Korean won, except for market price per share):

	Market price per share (In Korean won)	Number of shares owned by the Company	Market price
SK Broadband Co., Ltd.	₩ 4,795	149,638,354	₩ 717,516
SK Communications Co., Ltd.	15,600	28,029,945	437,267
IHQ, Inc.	1,050	14,960,784	15,709
Loen Entertainment, Inc.	6,660	16,054,812	106,925



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The condensed financial information of the investees as of and for the year ended December 31, 2009 is as follows (In millions of Korean won):

	Total assets	Total liabilities	Revenue	Net income (loss)
SK Broadband Co., Ltd.	₩ 3,144,786	₩ 1,745,883	₩ 1,893,956	(₩192,174)
SK Communications Co., Ltd.	301,424	88,945	198,954	575
SK Telink Co., Ltd.	216,739	70,181	302,977	29,589
SK Marketing & Company Co., Ltd.	641,888	416,827	315,838	32,464
PS&Marketing Corporation	441,208	307,273	427,615	(16,066)
SK Wyverns Baseball Club Co., Ltd.	4,518	6,538	29,703	28
Paxnet Co., Ltd.	43,892	15,994	41,741	3,570
F&U Credit Information Co., Ltd.	13,117	5,076	48,839	711
TU Media Corp.	263,461	236,939	133,434	(6,289)
IHQ, Inc.	50,873	18,743	42,817	(2,989)
Ntreev Soft Co., Ltd.	26,179	14,078	24,651	(2,250)
Commerce Planet Co., Ltd.	24,758	24,619	45,608	(968)
Loen Entertainment, Inc.	99,715	36,976	101,428	5,290
Harex Info Tech, Inc.	1,114	823	1,782	(868)
SKT Vietnam PTE Ltd.	57,159	21,339	191	(112,992)
Skytel Co., Ltd.	58,796	7,821	38,382	13,830
SK China Company Ltd.	17,865	1,009	12,461	2,848
SK Telecom China Co., Ltd.	9,698	254		(96)
TR Entertainment	6,727	1,236	11,279	(665)
ULand Company Ltd.	8,072	2,628	7,349	(1,463)
Virgin Mobile USA, Inc.	384,918	719,870		(8,355)
SKT Americas, Inc.	27,667	1,535	22,504	(15,845)
SK Telecom China Holding Co., Ltd.	34,629	11,233	27,786	(10,051)
SK USA, Inc.	13,433	2,213	10,270	1,393
Korea IT Fund	348,880		30,913	13,912
1st Music Investment Fund of SK-PVC	6,831	51	101	51
2nd Music Investment Fund of SK-PVC	10,186	46	230	180
SK-KTB Music Investment Fund	18,356	107	614	(460)
Stonebridge Cinema Fund (formerly IMM Cinema Fund)	18,093		332	216
Michigan Global Cinema Fund	10,131	90	3,804	203
3rd Fund of Isu Entertainment	5,233		219	215
SK Telecom Advanced Tech & Service Center	9,538	2		440
Cyworld China Holdings	6,159	7,140	1,252	(3,286)
Magic Tech Network	10,802	7,666	703	(3,891)
SK Telecom Global Investment B.V.	41,098	85	391	105
SKY Property Mgmt. Ltd.	596,356	154,940	41,270	3,169
Wave City Development Co. Ltd.	812	459	1,331	27
Prmaxsoftware Tech. Co., Ltd.	5,417	2,915	1,594	(9,687)
Benex Digital Cultural Contents Fund	24,661	4	620	(782)
Benex Focus Limited Partnership II	29,673		666	(460)
K-net Culture & Contents	18,916	6	262	(1,016)
Open Innovation Fund	20,237		655	(107)

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UniSk	12,780	4,112	9,757	735
SK Beijing Industrial Development Co., Ltd.	18,486	477		(5,448)
Daehan Kanggun BcN Co., Ltd.	36,592	11,517		3

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**Table of Contents****5. LOANS TO EMPLOYEES**

Short-term and long-term loans to employees as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Short-term	2009 Long-term	Total	2008
Loans to employees stock ownership association (Note)	₩ 1,165	₩ 57,032	₩ 58,197	₩ 60,908
Loans to employees for housing and other	41	5	46	106
Total	₩ 1,206	₩ 57,037	₩ 58,243	₩ 61,014

(Note) The Company loaned the amount above to Employees Stock Ownership Association to help fund employees acquisition of the Company's treasury stocks. The loan will be repaid over a period of five years, beginning on the second anniversary of each loan date and will expire on December 25, 2014.

**6. PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Useful lives (years)	2009	2008
Land		₩ 416,732	₩ 447,088
Buildings and structures	30,15	1,577,119	1,510,018
Machinery	6	14,236,456	13,441,993
Vehicles	4	54,189	21,070

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Other	4	1,004,183	1,016,133
Construction in progress		336,835	281,574
		17,625,514	16,717,876
Less accumulated depreciation		(12,428,993)	(12,019,662)
Property and equipment, net		₩ 5,196,521	₩ 4,698,214

The standard value of land declared by the government as of December 31, 2009 and 2008 is ₩567,641 million and ₩598,109 million, respectively.

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Details of change in property and equipment for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Beginning balance	For the year ended December 31, 2009					Ending balance
		Acquisition	Business acquisition (Note)	Disposal	Transfer	Depreciation	
Land	₩ 447,088	₩ 8,589	₩ 3,408	(₩42,883)	₩ 530	₩	₩ 416,732
Buildings and structures	1,012,226	7,098	66,404	(18,323)	1,409	(57,688)	1,011,126
Machinery	2,594,086	85,703	534,922	(5,372)	1,273,350	(1,381,587)	3,101,102
Vehicles	2,035	793		(669)	34,339	(2,248)	34,250
Other	361,205	950,971	206	(26,593)	(883,568)	(105,745)	296,476
Construction in progress	281,574	629,933	7,031	(20,740)	(560,963)		336,835
<b>Total</b>	<b>₩4,698,214</b>	<b>₩ 1,683,087</b>	<b>₩611,971</b>	<b>(₩114,580)</b>	<b>(₩134,903)</b>	<b>(₩1,547,268)</b>	<b>₩ 5,196,521</b>

(Note) The Company acquired the leased line business from SK Networks Co., Ltd. (See Note 27).

	Beginning balance	For the year ended December 31, 2008					Ending balance
		Acquisition	Disposal	Transfer	Depreciation		
Land	₩ 444,252	₩ 98	(₩1,147)	₩ 3,885	₩	₩ 447,088	
Buildings and structures	1,054,484	9,816	(1,080)	5,335	(56,329)	1,012,226	
Machinery	2,495,252	48,410	(7,345)	1,368,276	(1,310,507)	2,594,086	
Vehicles	3,196	915	(240)		(1,836)	2,035	
Other	305,095	1,118,010	(27,948)	(927,680)	(106,272)	361,205	
Construction in progress	292,134	626,501	(13,461)	(623,600)		281,574	
<b>Total</b>	<b>₩4,594,413</b>	<b>₩ 1,803,750</b>	<b>(₩51,221)</b>	<b>(₩173,784)</b>	<b>(₩1,474,944)</b>	<b>₩ 4,698,214</b>	

**7. INTANGIBLE ASSETS**

Intangible assets as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009			2008		
	Acquisition cost	Accumulated amortization	Carrying amounts	Acquisition cost	Accumulated amortization	Carrying amounts
Goodwill	₩ 2,340,495	(₩1,032,073)	₩ 1,308,422	₩ 2,341,625	(₩902,259)	₩ 1,439,366
Frequency use rights	1,385,120	(657,880)	727,240	1,385,120	(541,349)	843,771

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Software development costs	192,040	(179,512)	12,528	188,358	(174,869)	13,489
Computer software	1,370,128	(807,854)	562,274	1,174,908	(586,654)	588,254
Other	148,947	(93,475)	55,472	139,562	(82,850)	56,712
	<del>₩</del> 5,436,730	<del>(₩</del> 2,770,794)	<del>₩</del> 2,665,936	<del>₩</del> 5,229,573	<del>(₩</del> 2,287,981)	<del>₩</del> 2,941,592

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Details of changes in intangible assets for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	Beginning balance	Increase	For the year ended December 31, 2009				Ending balance
			Business acquisition (Note)	Decrease	Transfer	Amortization	
Goodwill	₩ 1,439,366	₩	₩	(₩1,130)	₩	(₩129,814)	₩ 1,308,422
Frequency use rights	843,771					(116,531)	727,240
Software development costs	13,489				3,682	(4,643)	12,528
Computer software	588,254	40,689	6,138	(4,952)	153,345	(221,200)	562,274
Other	56,712	11,118		(3,115)	1,382	(10,625)	55,472
<b>Total</b>	<b>₩ 2,941,592</b>	<b>₩ 51,807</b>	<b>₩ 6,138</b>	<b>(₩9,197)</b>	<b>₩ 158,409</b>	<b>(₩482,813)</b>	<b>₩ 2,665,936</b>

(Note) The Company acquired the leased line business from SK Networks Co., Ltd. (See Note 27).

	Beginning balance	Increase	For the year ended December 31, 2008				Ending balance
			Decrease	Transfer	Amortization		
Goodwill	₩ 1,569,247	₩	₩	₩		(₩129,881)	₩ 1,439,366
Frequency use rights	960,302					(116,531)	843,771
Software development costs	13,029	53		9,726		(9,319)	13,489
Computer software	585,574	54,541	(10,309)	161,819		(203,371)	588,254
Other	46,790	16,837	(258)	2,719		(9,376)	56,712
	<b>₩ 3,174,942</b>	<b>₩ 71,431</b>	<b>(₩10,567)</b>	<b>₩ 174,264</b>		<b>(₩468,478)</b>	<b>₩ 2,941,592</b>

The book value as of December 31, 2009 and residual useful lives of major intangible assets are as follows (In millions of Korean won):

	Amount	Description	Residual useful lives
Goodwill	₩1,306,236	Goodwill related to acquisition of Shinsegi Telecomm, Inc.	10 years and 3 months (Note a)
IMT license	677,058		

WiBro license	45,574	Frequency use rights relating to W-CDMA Service WiBro Service	(Note b) 6 years and 6 months
DMB license	4,607	DMB Service	

(Note a) Amortization of the IMT license commenced when the Company started its commercial IMT 2000 service in December 2003, using the straight-line method over the estimated useful life (13 years) of the IMT license which expires in December 2016.

(Note b) The Company purchased the WiBro license from MIC on March 30, 2005. The license period is seven years from the purchase date. Amortization of the WiBro license commenced when the Company started its commercial WiBro services on June 30, 2006 using the straight line basis over the remaining useful life.



**Table of Contents****8. BONDS PAYABLE**

Bonds payable as of December 31, 2009 and 2008 are as follows (In millions of Korean won, thousands of U.S. dollars and thousands of Japanese Yen):

	Maturity year	Annual interest rate (%)	2009	2008
Domestic general bonds	2009	5.0	₩	₩ 300,000
	2010	4.0	140,000	200,000
	2010	6.77	50,000	50,000
	2011	3.0	200,000	200,000
	2013	4.0	200,000	200,000
	2013	6.92	250,000	250,000
	2014	5.0	200,000	200,000
	2015	5.0	200,000	200,000
	2016	5.0	200,000	200,000
	2016	5.54	40,000	
	2016	5.92	230,000	
	2018	5.0	200,000	200,000
Dollar denominated bonds (US\$300,000)	2011	4.25	350,280	377,250
Dollar denominated bonds (US\$400,000)	2027	6.63	467,040	503,000
Yen denominated bonds (JPY 12,500,000)	2012	3-month Euro Yen LIBOR rate +0.55 (note a)	157,852	174,237
Yen denominated bonds (JPY 5,000,000)	2012	3-month Euro Yen TIBOR rate +2.5 (Note b)	63,141	
Yen denominated bonds (JPY 3,000,000)	2012	3-month Euro Yen LIBOR rate +2.5 (Note a)	37,885	
Convertible bonds (US\$229,160)	2009			268,415
Convertible bonds (US\$332,528)	2014	1.75 3-month	437,673	
Floating rate notes (US\$150,000,000)	2010	LIBOR rate +3.05 (Note c)	175,140	188,625
Floating rate notes (US\$220,000,000)	2012	3-month LIBOR rate +3.15 (Note c)	256,872	
Total			3,855,883	3,511,527
Less discounts on bonds			(61,227)	(61,143)
Less conversion right adjustments			(81,235)	(5,733)
Add long-term accrued interest				17,256

Net	3,713,421	3,461,907
Less portion due within one year	(364,205)	(579,424)
Long-term portion	₩ 3,349,216	₩ 2,882,483

(Note a) The 3-months  
Euro Yen  
LIBOR rate as  
of December 31,  
2009 is 0.28%.

(Note b) The 3-months  
Euro Yen  
TIBOR rate as  
of December 31,  
2009 is 0.46%.

(Note c) The 3-months  
LIBOR rate as  
of December 31,  
2009 is 0.25%.

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All of the above bonds will be paid in full at maturity.

On April 7, 2009, the Company issued convertible bonds with a maturity of five years in the principal amount of US\$332,528,000 for US\$326,397,463 with an initial conversion price of ₩230,010 per share of the Company's common stock, which was greater than market value at the date of issuance. The Company may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the conversion price during a predetermined period. On the other hand, the bond holders may redeem their notes at 100% of the principal amount on April 7, 2012 (3 years from the issuance date). The conversion right may be exercised during the period from May 18, 2009 to March 24, 2014 and the number of common shares to be converted as of December 31, 2009 is 1,999,997 shares.

Conversion of notes to common shares may be prohibited under the Telecommunications Law or other legal restrictions which restrains foreign governments, individuals and entities from owning more than 49% of the Company's voting stock, if this 49% ownership limitation is violated due to the exercise of conversion rights. In this case, the Company will pay a bond holder as cash settlement determined at the average price of one day after a holder exercises its conversion right or the weighted average price for the following five or twenty business days. The Company intends to sell treasury shares held in trust by the Company that corresponds to the number of shares of common stock that would have been delivered in the absence of the 49% foreign shareholding restrictions. Unless either previously redeemed or converted, the notes are redeemable at 100% of the principal amount at maturity. During the year ended December 31, 2009, no conversion was made.

**9. LONG-TERM BORROWINGS**

Long-term borrowings as of December 31, 2009 and 2008 are as follows (In millions of Korean won and thousands of U.S. dollars):

	Lender	Final maturity year	Annual interest rate (%) (note)	2009	2008
Long-term floating rate discount bill	Shinhan Bank	June 29, 2011	91 days CD yield + 0.25%	₩ 200,000	₩ 200,000
Long-term floating rate borrowings	KDB	July 28, 2011	91 days CD yield + 1.02%	₩ 100,000	₩ 100,000
	Citibank	July 29, 2011	91 days CD yield + 1.20%	₩ 100,000	₩ 100,000
	Nonghyup Hana Bank	July 30, 2011	91 days CD yield + 1.30%	₩ 100,000	₩ 100,000
		July 31, 2011	91 days CD yield + 1.50%	₩ 150,000	₩ 150,000
	Nonghyup Calyon Bank	August 12, 2011	91 days CD yield + 1.50%	₩ 50,000	₩ 50,000
		October 10, 2013	6M LIBOR + 0.29%	US\$ 50,000	US\$ 50,000
	DBS Bank	October 10, 2013	6M LIBOR + 0.29%	US\$ 25,000	US\$ 25,000
	SMBC	October 10, 2013	6M LIBOR + 0.29%	US\$ 25,000	US\$ 25,000
Total				US\$ 100,000 ₩ 700,000	US\$ 100,000 ₩ 700,000

Equivalent in Korean won	₩ 816,760	₩ 825,750
Less current portion		

Long-term borrowings	₩ 816,760	₩ 825,750
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The above long-term floating rate discount bill is classified as long-term borrowing as the borrowing is to be rolled-over exceeding 1 year from December 31, 2009 in accordance with the loan agreement.

(Note) At December 31, 2009, the 91 days CD yield and the 6M LIBOR rate are 2.86% and 0.43%, respectively.

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**Table of Contents****10. SUBSCRIPTION DEPOSITS**

The Company receives subscription deposits from customers of cellular services at the subscription date. The Company has no obligation to pay interest on subscription deposits but is required to return them to subscribers upon termination of the subscription contract.

Long-term subscription deposits held as of December 31, 2009 and 2008 are as follows (In millions of Korean won except deposit per subscriber amounts):

Service type	Deposit per subscriber (in Korean won)		2009	2008
Cellular	₩	200,000	₩ 5,480	₩ 4,796

**11. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The details of monetary assets and liabilities denominated in foreign currencies (except for bonds payable and long-term borrowings denominated in foreign currencies described in Notes 8 and 9, respectively) as of December 31, 2009 and 2008 are as follows (In millions of Korean won, thousands of U.S. dollars, thousands of HK dollars, thousands of Japanese yen, thousands of Great Britain pounds, thousands of Singapore dollars, thousands of Swiss Franc, thousands of Euros and thousands of Chinese yuan):

	2009		2008	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Cash and cash equivalents	US\$ 3,663	₩ 4,277	US\$ 6,742	₩ 8,479
	EUR 8	13	EUR 84	150
Accounts receivable trade			JPY 1,111	15
	US\$ 5,236	6,114	US\$ 9,264	11,649
	EUR 187	313	EUR 187	332
Accounts receivable other			CNY 5,620	1,035
	US\$ 182	212	US\$ 2	3
Guarantee deposits	CNY 1,131	194	CNY 7,888	1,452
	US\$ 8	9	US\$ 8	9
	JPY 17,397	220	JPY 17,397	242
		₩ 11,352		₩ 23,366
Accounts payable	US\$ 9,118	₩ 10,647	US\$ 19,324	₩ 24,300
	JPY 99,742	1,259	JPY 111,660	1,556
	HK\$ 19	3	HK\$ 41	7
	GBP 78	146	GBP 38	70
	SG\$ 1	1	SG\$ 1	1
	EUR 810	1,356	EUR 1,104	1,962
	CHF 19	22		
	CNY 2	1	CNY 2	1

₩ 13,435

₩ 27,897

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**Table of Contents****12. CAPITAL STOCK**

The Company's capital stock consists entirely of common stock with a par value of ₩500. The number of authorized and issued shares as of December 31, 2009 and 2008 are as follows:

	2009	2008
Authorized shares	220,000,000	220,000,000
Issued shares (Note a)	80,745,711	81,193,711
Outstanding shares, net of treasury stock	72,344,999	72,486,015

Significant changes in capital stock and capital surplus for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won except for share data):

	Number of shares issued (Note)	Capital stock	Additional paid in capital
At December 31, 2008	81,193,711	₩ 44,639	₩ 2,915,887
At December 31, 2009	80,745,711	₩ 44,639	₩ 2,915,887

(Note) During the years ended December 31, 2003, 2006 and 2009, the Company retired 7,002,235 shares, 1,083,000 shares and 448,000 shares, respectively, and reduced retained earnings before appropriations in accordance with the Korean Commercial Law. As a result, the total par value of outstanding capital stock does not agree to the capital

balance of  
capital stock. In  
addition, there  
are no changes  
in capital stock  
for the years  
ended  
December 31,  
2009 and 2008.

### 13. RETAINED EARNINGS

Details of appropriated retained earnings as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009	2008
Legal reserve	₩ 22,320	₩ 22,320
Reserve for loss on disposal of treasury stock		255,984
Reserve for research and manpower development	672,595	872,595
Reserve for business expansion	7,045,138	6,344,138
Reserve for technology development	1,150,000	800,000
Total	₩ 8,890,053	₩ 8,295,037

#### a. Legal Reserve

The Korean Commercial Code requires the Company to appropriate as a legal reserve at least 10% of cash dividends for each accounting period until the reserve equals 50% of outstanding capital stock. The legal reserve may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to capital stock.

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b. Reserve for Loss on Disposal of Treasury Stock and Research and Manpower Development

Reserves for loss on disposal of treasury stock and research and manpower development were appropriated in order to recognize certain tax deductible benefits through the early recognition of future expenditures for tax purposes. These reserves will be reversed from appropriated retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

c. Reserve for Business Expansion and Technology Development

The reserve for business expansion and technology and development are voluntary and were approved by the board of directors and stockholders.

**14. TREASURY STOCK**

Upon issuances of stock dividends and new common stock, and the merger with Shinsegi Telecomm, Inc. and SK IMT Co., Ltd., the Company acquired fractional shares totaling 8,609,034 shares for ₩2,041,483 million through 2007.

On January 23, 2008, treasury stock of 208,326 shares with carrying value totaling ₩49,401 million, respectively, were sold to the employees' stock ownership association. As a result of these transactions, loss on disposal of treasury stock increased by ₩7,155 million for the year ended December 31, 2008.

In addition, from December 2, 2008 through January 7, 2009, the Company acquired 448,000 shares of treasury stock for ₩92,476 million in accordance with a resolution of the board of directors on October 23, 2008 and retired the shares with the Company's retained earnings for ₩92,476 million in accordance with a resolution of board of directors on January 9, 2009. As a result of these transactions, retained earnings decreased by ₩92,476 million. On December 15, 2009, the Company acquired 4 shares of treasury stock for ₩7 million by acquisition request of odd lot stock which incurred in the merger with Shinsegi Telecom, Inc.

Resulting from this, treasury stocks as of December 31, 2009 and 2008 are 8,400,712 shares (acquisition cost: ₩1,992,083 million) and 8,707,696 shares (acquisition cost: ₩2,055,620 million), respectively.

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**Table of Contents****15. INCOME TAX**

## a. Details of income tax expense

Income tax expense for the years ended December 31, 2009 and 2008 consists of the following (In millions of Korean won):

	2009	2008
Current	₩ 597,396	₩ 482,065
Deferred (Note a)	(228,392)	(253,647)
Income tax expense	₩ 369,004	₩ 228,418

(Note a) Changes in net deferred tax liabilities for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009	2008
Ending balance of net deferred tax liabilities	₩ 16,033	₩ 257,939
Beginning balance of net deferred tax liabilities	(257,939)	(1,015,002)
Adjustment to the beginning net deferred income tax liabilities based on tax return filed	5,320	3,944
Tax effect of temporary differences charged or credited directly to related components of stockholders' equity	8,194	499,472
	(₩228,392)	(₩253,647)

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b. An explanation of the relationship between income tax expense and income before income tax expense for the years ended December 31, 2009 and 2008 is as follows (In millions of Korean won) :

	2009	2008
Income before income tax expense	₩ 1,657,344	₩ 1,506,076
Income tax expense at statutory income tax rate (Note a)	401,053	414,140
Differences (Note b)	(32,049)	(185,722)
Income tax expense	₩ 369,004	₩ 228,418
Effective tax rates	22.26%	15.17%

(Note a) The statutory income tax rate for the taxable income up to ₩200 million and above ₩200 million for the year ended December 31, 2009 is 12.1% and 24.2%, respectively. Statutory income tax rate for the taxable income up to ₩200 million and above ₩200 million for the year ended December 31, 2008 was 12.1% and 27.5%, respectively.

(Note b) The difference items between income tax computed using the statutory corporate

income tax rates  
and the recorded  
income tax for  
the years ended  
December 31,  
2009 and 2008  
is as follows (In  
millions of  
Korean won):

	2009	2008
Permanent difference	₩ 23,487	₩ 27,218
Changes in deferred income tax assets (liabilities) recognized related to equity method investment securities	16,629	(43,777)
Tax credit for investment and other	(96,266)	(96,444)
Special surtax for agriculture and fishery industries	16,521	17,478
Additional income tax (tax refund) for prior periods	11,142	(60,187)
Effect of statutory corporate income tax rates change	(3,562)	(30,010)
	(₩ 32,049)	(₩ 185,722)

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## c. Change in cumulative temporary differences and deferred tax assets (liabilities)

Changes in cumulative temporary differences for the years ended December 31, 2009 and 2008 and deferred tax assets (liabilities) as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

Description	January 1, 2009	Increase (Note a)	Decrease (Note a)	December 31, 2009
Current:				
Allowance for doubtful accounts	₩ 42,197	₩ 143,657	₩ 42,863	₩ 142,991
Accrued interest income	(5,490)	(2,623)	(5,490)	(2,623)
Bad debt	77,405	5,261	(43,909)	126,575
Accrued expenses	86,731	78,044	27,172	137,603
Other	17,285	502,267	2,167	517,385
Total	218,128	726,606	22,803	921,931
Temporary differences unlikely to be realized	(128,555)			(128,555)
Total current cumulative temporary differences-net	₩ 89,573	₩ 726,606	₩ 22,803	₩ 793,376
Current deferred tax assets-net (Note b)	₩ 21,677			₩ 194,825
Non-current:				
Bad debt	₩ 48,257	₩	₩ 48,257	₩
Property and equipment	(97,992)	23,644	(63,643)	(10,705)
Loss on impairment of long-term investment securities	357,092	6,245	201,243	162,094
Loss on impairment of other long-term assets	8,122		8,122	
Reserves for research and manpower development	(350,000)	(363,000)	(166,667)	(546,333)
Equity in (earnings) losses of affiliates	(42,707)	454,188	10,400	401,081
Equity in other comprehensive income of affiliates	38,945		(19,754)	58,699
Unrealized loss on valuation of long-term investment securities, net (other comprehensive income)	(539,150)	(750,854)	(1,044)	(1,288,960)
Accrued severance indemnities	59,101	17,794	12,617	64,278
Deposits for severance indemnities	(58,427)	(18,468)	(12,617)	(64,278)
Loss on valuation of currency swap	(51,556)	96,411	190,359	(145,504)
Loss on valuation of currency swap (other comprehensive income)	18,328	70,082	89,374	(964)
Loss on valuation of interest rate swap (other comprehensive income)	33,499		19,483	14,016
Gain on conversion of convertible bond	(373,140)		(373,140)	
Considerations for conversion right	(5,732)	(93,067)	(11,831)	(86,968)
Long-term accrued interest	17,256		17,256	

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Loss (Gain) on foreign currency translation	(295,250)	423,677	77,619	50,808
Goodwill relevant to lease line		870,713	50,724	819,989
Other	483,575	159,894	434,695	208,774
Total	(749,779)	897,259	511,453	(363,973)
Temporary differences unlikely to be realized	(496,155)		111,131	(607,286)
Total non-current cumulative temporary differences-net	(₩ 1,245,934)	₩ 897,259	₩ 622,584	(₩ 971,259)
Total non-current deferred tax liabilities-net (Note b)	(₩ 279,616)			(₩ 210,859)

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(Note a) These changes include adjustment to reflect the change in accumulated temporary differences based on the prior year tax return.

(Note b) The tax rate used in measuring deferred tax assets and liabilities as of January 1, 2009 is 24.2% and 22%. In addition, as of December 31, 2009, based on the announcement of the statutory income tax rate change, the tax rates used in measuring deferred tax assets and liabilities for the cumulative temporary differences which are expected to be realized during 2010, 2011 and after 2011 are 24.2% and 22%, respectively.

Description	January 1, 2008	Increase (Note a)	Decrease (note a)	December 31, 2008
Current:				

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Allowance for doubtful accounts	₩	31,907	₩	38,750	₩	28,460	₩	42,197
Accrued interest income		(5,025)		(5,490)		(5,025)		(5,490)
Bad debt		115,926		10,034		48,555		77,405
Accrued expenses		92,536		12,970		18,775		86,731
Other		1,168		31,500		15,383		17,285
Total		236,512		87,764		106,148		218,128
Temporary differences unlikely to be realized		(128,555)						(128,555)
Total current cumulative temporary differences-net	₩	107,957	₩	87,763	₩	106,148	₩	89,573
Current deferred tax assets-net (note b)	₩	29,688					₩	21,677
Non-current:								
Bad debt	₩		₩	48,555	₩	298	₩	48,257
Property and equipment		(155,202)		8,263		(48,947)		(97,992)
Loss on impairment of long-term investment securities		138,363		218,729				357,092
Loss on impairment of other long-term assets		2,651		8,122		2,651		8,122
Reserves for research and manpower development		(550,000)				(200,000)		(350,000)
Reserves for loss on disposal of treasury stock		(255,984)				(255,984)		
Equity in (earnings) losses of affiliates		92,160		3,378		138,245		(42,707)
Equity in other comprehensive income of affiliates		27,229				(11,716)		38,945
Unrealized loss on valuation of long-term investment securities, net (other comprehensive income)		(2,243,709)		(156,866)		(1,861,425)		(539,150)
Accrued severance indemnities		39,538		21,825		2,262		59,101
Deposits for severance indemnities		(38,706)		(21,983)		(2,262)		(58,427)
Loss on valuation of currency swap		22,502		190,359		264,417		(51,556)
Loss on valuation of currency swap (other comprehensive income)		24,249		221,084		227,005		18,328
Loss on valuation of interest rate swap (other comprehensive income)		(3,170)		36,669				33,499
Gain on conversion of convertible bond		(373,140)						(373,140)
Considerations for conversion right		(19,664)				(13,932)		(5,732)
Long-term accrued interest		17,256						17,256
Loss (Gain) on foreign currency translation				127,489		422,739		(295,250)
Other		44,962		451,610		12,997		483,575
Total		(3,230,665)		1,157,234		(1,323,652)		(749,779)
		(568,208)				(72,055)		(496,155)



Temporary differences unlikely to be realized

Total non-current cumulative temporary differences-net	(₩ 3,798,873)	₩ 1,157,234	(₩ 1,395,707)	(₩ 1,245,934)
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Total non-current deferred tax liabilities-net (Note b)	(₩ 1,044,690)			(₩ 279,616)
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(Note a) These changes include adjustment to reflect the change in accumulated temporary differences based on the prior year tax return.

(Note b) The tax rate used in measuring deferred tax assets and liabilities as of January 1, 2008 is 27.5%. In addition, as of December 31, 2008, based on the announcement of the statutory income tax rate change, the tax rates used in measuring deferred tax assets and liabilities for the cumulative temporary differences which are expected to be realized during 2009 and after 2009 are 24.2% and 22%, respectively.

d. Deferred tax assets and liabilities before offsetting as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009			2008		
	Current	Non-current	Sub-total	Current	Non-current	Sub-total

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Deferred tax assets	₩ 201,321	₩ 269,951	₩ 471,272	₩ 34,094	₩ 151,597	₩ 185,691
Deferred tax liabilities	(6,495)	(480,810)	(487,305)	(12,417)	(431,213)	(443,630)

Deferred tax assets (liabilities), net	₩ 194,826	(₩ 210,859)	(₩ 16,033)	₩ 21,677	(₩ 279,616)	(₩ 257,939)
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e. Deferred tax assets (liabilities) added to (deducted from) capital surplus, capital adjustments or accumulated other comprehensive income (loss)

Deferred tax assets (liabilities) added to (deducted from) capital surplus, capital adjustments or accumulated other comprehensive income (loss) as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009	2008
Gains on disposal of treasury stock	(₩ 29,805)	(₩ 28,368)
Consideration for conversion right	(30,770)	(11,325)
Other capital adjustments	189,310	
Equity method in capital adjustments	1,648	4,677
Unrealized loss on valuation of long-term investment securities, net	(285,694)	(125,881)
Equity in other comprehensive income of affiliates, net	(1,053)	(12,192)
Loss on valuation of currency swap, net	(212)	4,032
Loss on valuation of interest rate swap, net	3,083	7,370
Total	(₩ 153,493)	(₩ 161,687)

**Table of Contents****16. COMPREHENSIVE INCOME**

Details of comprehensive income for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009		2008	
	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect
Net income	₩ 1,288,340		₩ 1,277,658	
Other comprehensive income (loss):				
Unrealized gain on valuation of long-term investment securities, net	589,875	(₩159,813)	(1,213,420)	₩491,139
Equity in other comprehensive income of affiliates, net	(79,985)	11,139	18,248	(11,465)
Loss on valuation of currency swap, net	15,048	(4,244)	3,284	(2,636)
Gain (loss) on valuation of interest rate swap, net	15,197	(4,286)	23,831	8,242
Sub-total	540,135	(₩157,204)	(1,168,057)	₩485,280
Comprehensive income	₩ 1,828,475		₩ 109,601	

**17. NET INCOME AND ORDINARY INCOME PER SHARE**

The Company's net income and ordinary income per share amounts for the years ended December 31, 2009 and 2008 is computed as follows (In millions of Korean won, except for per share income per share):

**Net income and ordinary income per share**

	2009	2008
Net income and ordinary income	₩ 1,288,340	₩ 1,277,658
Weighted average number of common shares outstanding	72,346,763	72,765,557
Net income and ordinary income per share (In Korean won)	₩ 17,808	₩ 17,559

The weighted average number of common shares outstanding for the years ended December 31, 2009 and 2008 is calculated as follows:

	Number of shares	Weighted number of days	Weighted number of shares
<2009>			
Outstanding common stocks at January 1, 2009	81,193,711	365/365	81,193,711
Treasury stocks at January 1, 2009	(8,707,696)	366/366	(8,707,696)
Acquisition of treasury stock	(141,016)	360 (Note a)	(139,252)
Total	72,344,999		72,346,763



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<b>&lt;2008&gt;</b>	Number of shares	Weighted number of days	Weighted number of shares
Outstanding common stocks at January 1, 2008	81,193,711	366/366	81,193,711
Treasury stocks at January 1, 2007	(8,609,034)	366/366	(8,609,034)
Acquisition of treasury stock	(306,988)	(Note a)	(14,924)
Disposal of treasury stock	208,326	344/366	195,804
 Total	 72,486,015		 72,765,557

(Note a) The Company acquired treasury stocks on many different dates during the years ended December 31, 2009 and 2008, and weighted number of shares was calculated considering each transaction date

Diluted net income and ordinary income per share amounts for the years ended December 31, 2009 and 2008 is computed as follows (In millions of Korean won, except for share data):

**Diluted net income and ordinary income per share**

	2009	2008
Adjusted net income and ordinary income	₩ 1,308,824	₩ 1,288,808
Adjusted weighted average number of common shares outstanding	74,367,734	74,090,301
 Diluted net income and ordinary income per share (in Korean won)	 ₩ 17,599	 ₩ 17,395

Adjusted net income and ordinary income per share and the adjusted weighted average number of common shares outstanding for the years ended December 31, 2009 and 2008 are calculated as follows (In millions of Korean won, except for share data):

	2009	2008
Net income and ordinary income	₩ 1,288,340	₩ 1,277,658
Effect of convertible bonds (Note a)	20,484	11,150

Adjusted net income and ordinary income	₩ 1,308,824	₩ 1,288,808
	2009	2008
Weighted average number of common shares outstanding	₩72,346,763	₩72,765,557
Effect of convertible bonds (Note a)	2,020,971	1,324,744
Adjusted weighted average number of common shares outstanding	₩74,367,734	₩74,090,301

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(Note a) The effect of convertible bonds increased net income related to interest expenses that would not have incurred, and increase in the weighted average number of common shares outstanding related to common shares that would have been issued, assuming that the conversion of convertible bonds was made on the beginning of the period.

**18. RESTRICTED CASH AND CASH EQUIVALENTS**

As of December 31, 2009, the Company has guarantee deposits restricted for checking accounts totaling ₩ 19 million and deposits restricted for a charitable trust for the public totaling ₩ 50,000 million and ₩ 6,500 million of which due date is June 2, 2010 and May 4, 2011, respectively.

**19. DIVIDEND DISCLOSURE**

Details of dividends, which were declared for the years ended December 31, 2009 and 2008, are as follows (In millions of Korean won except for per share data):

		Number of shares	Face value	Dividend ratio	Dividends
	Dividend type	outstanding	per share		
2009	Cash dividends (interim)	72,345,003	₩ 500	200%	₩ 72,345
	Cash dividends (year-end)	72,344,999	₩ 500	1,680%	607,698
	Total				₩ 680,043
2008	Cash dividends (interim)	72,793,003	₩ 500	200%	₩ 72,793
	Cash dividends (year-end)	72,524,203	₩ 500	1,680%	609,203



Total ₩ 681,996

Dividends payout ratios (including interim dividend) for the years ended December 31, 2009 and 2008 are as follows  
(In millions of Korean won):

	2009	2008
Dividends	₩ 680,043	₩ 681,996
Net income	1,288,340	1,277,658
 Dividends payout ratio	 52.78%	 53.38%

Dividends yield ratios (including interim dividend) for the years ended December 31, 2009 and 2008 are as follows  
(In Korean won):

	2009	2008
Dividend per share	₩ 9,400	₩ 9,400
Stock price at the year-end	169,500	209,000
	5.55%	4.49%

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**Table of Contents****20. INSURANCE**

As of December 31, 2009, certain Company's assets are insured with local insurance companies as follows (In millions of Korean won and thousands of U.S. dollars):

Insured	Risk	Carrying value	Coverage
Property and equipment	Fire and comprehensive liability	₩ 3,553,828	US\$ 56,115 ₩ 7,955,876

In addition, the Company carries directors and officers liability coverage insurance totaling ₩ 50,000 million.

**21. RELATED PARTY TRANSACTIONS**

As of December 31, 2009 and 2008, the parent company and subsidiaries of the Company are as follows:

**a. Holding company and subsidiaries**

Type	Company	Ownership percentage (%)	Types of business
Ultimate parent company	SK C&C Co., Ltd.	31.8 (Note a)	Information technology and software production
Parent company	SK Holdings Co., Ltd.	23.2 (Note b)	Holding company
Subsidiary	SK Broadband Co., Ltd.	50.6	Internet website services and telecommunication service
	SK Communications Co., Ltd.	64.8	Internet website services
	SK Telink Co., Ltd.	90.8	Telecommunication service
	PAXNet Co., Ltd.	59.7	Internet website services
	F&U Credit Information Co., Ltd.	50.0	Credit and collection services
	TU Media Corp.	44.2	Digital multimedia broadcasting service
	IHQ, Inc.	37.1	Entertainment management
	Ntreev Soft Co., Ltd.	66.7	Game software production
	Commerce Planet Co., Ltd.	100.0	Cosmetic wholesale
	Loen Entertainment, Inc.	63.5	Release of music disc
	The Second Music Investment Fund of SK-PVC	79.3	Investment association
	SK-KTB Music Investment Fund	74.2	Investment association
	Stonebridge Cinema Fund	45.6	Investment association
	SK I-Media Co., Ltd.	100.0 (Note c)	Game software production
	Broadband media Co., Ltd.	100.0 (Note c)	Multimedia TV portal service
	Benex Digital Cultural Contents Fund	19.9	Investment association
	Benex Focus Limited Partnership II	66.7	Investment association
	Open Innovation Fund	98.5	Investment association
	PS&Marketing Corporation	100.0	Retail
	K-net Culture & Contents Venture Fund	59.0	Investment association
	Benex Movie Investment Fund	46.6	Investment association
	SK Telecom China Holdings	100.0	Equity investment (Holding company)
		100.0	Mobile solution production

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SK Telecom Advanced Tech &  
Service Center

Shenzhen E-eye High Tech Co., Ltd.

SKY Property Mgmt. Ltd.

SK Telecom Global Investment B.V.

65.5 (Notec c)

60.0

100.0

GPS manufacturing and selling

Equity investment

Equity investment

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Type	Company	Ownership percentage (%)	Types of business
	SKT Vietnam PTE Ltd.	73.3	Telecommunication service
	SK Telecom China Co., Ltd.	100.0	Telecommunication service
	SKT Americas, Inc.	100.0	Telecommunication service
(Note a)	The ownership percentage represents ultimate parent company's ownership owner the Parent Company.		
(Note b)	The ownership percentage represents parent company's ownership over the Company.		
(Note c)	The ownership percentage represents subsidiaries ownership over their subsidiaries, in which the Company has no direct investment.		

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**Table of Contents****b. Transactions and balances with related parties**

Significant related party transactions for the years ended December 31, 2009 and 2008, and account balances as of December 31, 2009 and 2008 are as follows (In millions of Korean won):

**b-(1) Transactions**

	2009			2008		
	Purchases of	Commissions	Commissions	Purchases	Commissions	Commissions
	property and	paid and	earned and	of	paid and	earned and
	equipment	other	other	property	other	other
		expenses	income	and	expenses	income
				equipment		
Ultimate parent company:						
SK C&C Co., Ltd.	₩ 173,855	₩ 286,102	₩ 6,609	₩ 199,338	₩ 259,154	₩ 9,092
Parent Company:						
SK Holdings Co., Ltd.	85	24,462	813		1,127	588
Subsidiaries:						
SK Broadband Co., Ltd.	3,301	63,782	56,501		16,417	45,155
SK Communications Co., Ltd.	1,011	25,362	8,879	1,330	32,689	7,441
SK Telink Co., Ltd.	204	13,194	36,890	353	13,487	31,468
F&U Credit Information Co., Ltd.		48,526	1,540		54,567	1,521
TU Media Corp.	719	92,761	34,347	109	47,016	43,220
SKT Americas, Inc.		18,259			22,123	
Loen Entertainment, Inc		35,079	6,092	16	30,573	129
Commerce Planet Co., Ltd.	700	43,603	9,067		22,612	3,309
SK Telecom China Holdings		26,660			32,716	
PS&Marketing Corporation		200,232	1,053			
Others	1,900	28,894	3,801	5,163	21,525	3,929
Equity Method Investees:						
SK Marketing & Company Co., Ltd.	6,130	133,459	4,280		44,647	6,134
SK Wyverns Baseball Club Co., Ltd.		21,414	316		21,014	603
Wave City Development Co. Ltd.			34,920			

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Others	73	10,765	2	193	18,849	375
Others:						
SK Energy Co., Ltd.		1,069	5,976	2,973	16,997	8,166
SK Engineering & Construction Co., Ltd.	308,334	30,871	2,230	256,549	17,025	2,705
SK Networks Co., Ltd.	1,498,748	730,373	23,804	4,560	730,065	20,061
SK Networks Service Co., Ltd.		23,479	281		20,599	
Innoace Co., Ltd.	12,707	16,390	249	26,883	9,066	227
SK Telesys Co., Ltd.	223,310	12,660	1,504	254,358	8,787	642
SK Networks Co., Ltd. Walkerhill		12,522	471		17,732	505
Others	10,284	13,408	4,640	7,450	10,037	4,957
Total	₩ 2,241,361	₩ 1,913,326	₩ 244,265	₩ 759,275	₩ 1,468,824	₩ 190,227

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**Table of Contents****b-(2) Account balances**

	2009					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Ultimate parent company: SK C&C Co., Ltd.	₩ 758	₩	₩	₩	₩ 89,318	₩
Parent Company: SK Holdings Co., Ltd.	248				1	
Subsidiaries:						
SK Broadband Co., Ltd.	2,356			1,216	374	5,114
SK Communications Co., Ltd.	1,785				12,738	5,524
SK Telink Co., Ltd.	797				700	1,022
PS&Marketing Co., Ltd.	159				32,400	5,084
F&U Credit Information Co., Ltd.	8				3,617	
TU Media Corp.	4,051				114	2,709
SKT Americas, Inc.					5,567	
IHQ, Inc.	51					
Ntreev Soft Co., Ltd.	3,988				3,210	
Commerce Planet Co., Ltd.	8,331				10,258	
Loen Entertainment, Inc.	272				652	
SKT Vietnam PTE Ltd.	3,835					
SK Telecom China Holdings					8,500	
Others	7				19	150
Equity Method Investees:						
SK Marketing & Company Co., Ltd.	2,403				25,921	249
SK Wyverns Baseball Club Co., Ltd.	59	575	2,407			
Wave City Development Co. Ltd.	38,412					
Others					2,288	
Others:						
SK Energy Co., Ltd.	1,313			96	66	23
SK Engineering & Construction Co., Ltd.	182				991	83
SK Networks Co., Ltd.	890			112	109,900	1,256
SK Telesys Co., Ltd.	236				15,422	
SK Networks Co., Ltd. Walkerhill	72				3,246	

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Others	1,036			5,400		5,425	
Total	₩ 71,249	₩ 575	₩ 2,407	₩ 6,824	₩ 330,727	₩ 21,214	

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	2008					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Parent Company:						
SK C&C Co., Ltd.	₩ 2,399	₩	₩	₩	₩ 98,342	₩ 24
SK Holdings Co., Ltd.	46					
Subsidiaries:						
SK Broadband Co., Ltd.	1,662			60	5	4,805
SK Communications Co., Ltd.	1,450				15,221	5,524
SK Telink Co., Ltd.	7,115				24,215	1,217
SK Wyverns Baseball Club Co., Ltd.	114	575	2,982		11	
PAXNet Co., Ltd.					725	150
F&U Credit Information Co., Ltd.	38				4,311	
TU Media Corp.	4,318				13,055	2,709
SKT Americas, Inc.					8,234	
IHQ, Inc.	29				1,159	
Ntreev Soft Co., Ltd.	32				5,145	
Commerce Planet Co., Ltd.	567				5,966	
Loen Entertainment, Inc.	3,523				3,998	
SKT Vietnam PTE Ltd.	3,130					
SK Telecom China Co., Ltd.	1,035					
Others	62				4,172	
Equity Method Investees:						
SK Marketing & Company Co., Ltd.	1,113				17,916	248
Virgin Mobile USA, Inc.	151		22,821			
Aircross Co., Ltd.	57				397	276
Others					1,575	
Others:						
SK Energy Co., Ltd.	45			140	3,448	
SK Engineering & Construction Co., Ltd.	203				1,164	1,076
SK Networks Co., Ltd.	771			112	57,400	3,537
Innoace Co., Ltd.					3,889	2,444
SK Telesys Co., Ltd.	332				11,152	
Others	463			900	8,057	
Total	₩ 28,655	₩ 575	₩ 25,803	₩ 1,212	₩ 289,557	₩ 22,010

**c. Compensation for the key management**

The Company considers registered directors who have substantial roles and responsibility for planning, operating, and controlling of the business as key management, and the considerations given to the key management for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

Payee	Payroll	2009 Severance indemnities	Total	Payroll	2008 Severance indemnities	Total
8 Registered directors (including outside directors)	₩ 6,422	₩ 276	₩ 6,698	₩ 4,405	₩ 556	₩ 4,961

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**Table of Contents****22. PROVISION**

## a. Provision for point program

The Company, for its marketing purposes, grants Rainbow Points and Point Box Points (the Points) to its subscribers based on their usage of the Company's services. Points provision was provided based on the historical usage experience and the Company's marketing policy. Such provision was recorded as accrued expenses or other non-current liabilities in accordance with the expected points usage duration since balance sheet date.

Details of change in the provisions for such mileage points for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009	2008
Beginning balance	₩ 24,889	₩ 27,668
Increase	11,400	12,430
Decrease (used points)	(17,433)	(15,209)
Decrease (reversal of provision for mileage points)		
Ending balance	₩ 18,856	₩ 24,889

Points expire after 5 years. The expected year when unused points as of December 31, 2009 are expected to be used and the respective estimated monetary amount to be paid in a given year are as follows (In millions of Korean won):

Expected usage for the year ended December 31,	Estimated amount to be paid in nominal value	Current value
2010	₩ 8,549	₩ 8,096
2011	5,462	4,898
2012	3,494	2,967
2013	2,239	1,800
2014	1,437	1,095
Ending balance	₩ 21,181	₩ 18,856

## b. Provision for handset subsidy

The Company provides provision for handset subsidies to be provided to the subscribers who purchase handsets on installment basis. Such provision was recorded as accrued expenses or other non-current liabilities in accordance with the expected points when the subsidies are paid. Details of change in the provisions for handset subsidies for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009	2008
Beginning balance	₩ 339,696	₩
Increase (provision)	695,330	433,276
Decrease (subsidy payment)	(425,293)	(93,580)

Ending balance	₩ 609,733	₩ 339,696
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The estimated monetary amount to be paid in a given year is as follows (In millions of Korean won):

	Expected payment for the year ended December 31,	Estimated amount to be paid in nominal value	Present value
2010		₩ 527,347	₩ 515,817
2011		99,454	93,916
Ending balance		₩ 626,801	₩ 609,733

**23. DERIVATIVE INSTRUMENTS**

- a. Currency swap contract to which the cash flow hedge accounting is applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Citibank, BNP Paribas and Credit Suisse First Boston International to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$300,000,000 at annual fixed interest rate of 4.25% issued on April 1, 2004. As of December 31, 2009, in connection with unsettled foreign currency swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩2,402 million (net of tax effect totaling ₩1,218 million and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling ₩5,557 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Calyon bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of December 31, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩2,265 million (net of tax effect totaling ₩197 million and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling ₩21,960 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with HSBC and SMBC Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY12,500,000,000 issued on November 13, 2007. As of December 31, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩1,644 million (net of tax effect totaling ₩1,063 million and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling ₩53,824 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with DBS and Calyon Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated notes with face amounts totaling US\$150,000,000 borrowed on November 20, 2008. As of December 31, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩5,313 million (net of tax effect totaling ₩1,498 million and foreign exchange translation gain arising from U.S. dollar denominated bonds totaling ₩41,956 million) was accounted for as accumulated other comprehensive income.



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In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Mizuho Corporate Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY3,000,000,000 issued on January 22, 2009. As of December 31, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩2,553 million (net of tax effect totaling ₩720 million and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling ₩8,239 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Bank of Tokyo-Mitsubishi Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY5,000,000,000 issued on March 5, 2009. As of December 31, 2009, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩1,674 million (net of tax effect totaling ₩472 million and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling ₩15,461 million) was accounted for as accumulated other comprehensive income.

b. Interest rate swap contract to which the cash flow hedge accounting is applied

The Company has entered into a floating-to-fixed interest rate swap contract with Shinhan Bank to hedge the interest rate risk of floating rate discounted bill with face amounts totaling ₩200,000 million borrowed on June 29, 2006. As of December 31, 2009, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩915 million (net of tax effect totaling ₩258 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed interest rate swap contract with Nonghyup Bank and other two banks to hedge the interest rate risk of long-term floating rate borrowings with face amounts totaling ₩500,000 million borrowed from July 28, 2008 to August 13, 2008. As of December 31, 2009, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩10,017 million (net of tax effect totaling ₩2,826 million) was accounted for as accumulated other comprehensive loss.

c. Currency swap contract to which the hedge accounting is not applied

The Company has entered into fixed-to-fixed cross currency swap contract with Morgan Stanley Bank and two other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$400,000,000 issued on July 20, 2007. In connection with unsettled foreign currency swap contract to which the hedge accounting is not applied, loss on valuation of currency swap of ₩93,039 million and gain on valuation of currency swap of ₩233,056 million for the years ended December 31, 2009 and 2008, respectively, was charged to current operations.

d. Interest rate swap contract to which the hedge accounting is not applied

The Company has entered into a floating-to-fixed interest rate swap contract with DBS and Calyon Bank the interest rate risk of floating rate U.S. dollar denominated bonds with face amounts totaling US\$220,000,000 issued on April 29, 2009. In connection with unsettled interest rate swap contract to which the hedge accounting is not applied, loss on valuation of currency swap of ₩3,372 million for the year ended December 31, 2009 was charged to current operations.





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As of December 31, 2009, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments as of December 31, 2009 are as follows (In thousands of U.S. dollars, H.K. dollars, Japanese yen and millions of Korean won):

Type	Hedged item	Amount	Duration of contract	Fair value			Total
				Designated as cash flow hedge	Designated as fair value hedge	Not designated	
<b>Non-current assets:</b>							
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 300,000	Mar. 23, 2004 Apr. 1, 2011	₩ 1,937	₩	₩	₩ 1,937
Floating-to-fixed cross currency interest rate swap	U.S. dollar denominated long-term borrowings	US\$ 100,000	Oct 10, 2006 Oct 10, 2013	19,498			19,498
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 400,000	Jul. 20, 2007 Jul. 20, 2017			147,333	147,333
Floating-to-fixed cross currency interest rate swap	Japanese yen denominated bonds	JPY 12,500,000	Nov. 13, 2007 Nov. 13, 2012	54,405			54,405
<b>Total assets</b>				₩ 75,840	₩	₩ 147,333	₩ 223,173
<b>Current liabilities:</b>							
Floating-to-fixed cross currency interest rate swap	U.S. dollar denominated bonds	US\$ 150,000	Nov 20, 2008 Nov 20, 2010	₩ 35,145	₩	₩	₩ 35,145
Floating-to-fixed interest rate swap	Long-term floating rate discounted	₩ 200,000	Jun. 29, 2006 Jun.	1,173			1,173

	bill			29, 2010				
<b>Non-current liabilities:</b>								
Floating-to-fixed cross currency interest rate swap	Japanese yen denominated bonds	JPY	3,000,000	Jan. 22, 2009	4,966		4,966	
Floating-to-fixed cross currency interest rate swap	Japanese yen denominated bonds	JPY	5,000,000	Jan. 22, 2012	13,315		13,315	
Floating-to-fixed interest rate swap	Long-term borrowings	₩	500,000	Mar. 5, 2009	12,843		12,843	
Floating-to-fixed interest rate swap	Long-term borrowings	US\$	220,000	Mar. 5, 2012 July 28, 2008 August 12, 2011 April 29, 2009 April 29, 2012		3,372	3,372	
<b>Total liabilities</b>					₩ 67,442	₩	₩ 3,372	₩ 70,814

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## a. Acquisition of shares of Hana Card Co., Ltd.

In accordance with the resolution of board of directors dated December 14, 2009, the Company is scheduled to acquire 57,647,058 shares or 49% of ownership percentage of Hana Card Co., Ltd. for ₩400,000 million on February 25, 2010. The acquisition of the shares depends on prerequisites fulfillment of payment of stock purchase amount and government permission such as approval for major shareholder by Financial Services Commission and notification of evaluation result on business combination by the Fair Trade Commission.

**25. STATEMENTS OF CASH FLOWS**

The statements of cash flows are prepared using the indirect method.

Significant non-cash transactions for the years ended December 31, 2009 and 2008 are as follows (In millions of Korean won):

	2009	2008
Write-off of accounts receivable	₩ 39,862	₩ 36,678
Transfer from long-term loans to short-term loans	50,081	44,067
Transfer from long-term deposits and others to prepaid expenses	57,260	21,010
Transfer from long-term guarantee deposits received and others to accrued expenses	33,017	55,423

**26. OPERATING RESULTS FOR THE FOURTH QUARTER**

The Company's key operating results for the three months ended December 31, 2009 and 2008 (unaudited) are as follows (In millions of Korean won, except for income per share):

	2009 (unaudited)	4 <sup>th</sup> Quarter of 2008 (unaudited)
Operating revenue	₩ 3,100,103	₩ 3,006,818
Income before income tax	263,356	118,085
Net income	244,235	263,123
Net income per share (In Korean won)	3,376	3,616

**27. BUSINESS ACQUISITION**

On May 21, 2009, the board of directors of the Company resolved to acquire lease line business and other incidental business from SK Networks Co., Ltd. and the transaction was completed on September 30, 2009 by settling up relevant cost on January 4, 2010. The Company acquired total assets of ₩635,864 million and assumed total liabilities of ₩611,435 million. The total acquisition cost is ₩892,755 million. As the above business acquisition incurred between the companies under common control, difference between the acquisition cost and net book value of acquired business totaling ₩668,706 million (net of tax effect and including relevant cost ₩2,028 million) was recorded as other capital adjustment.

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**28. ASSETS TRANSFER**

On May 29, 2009, the Company sold ₩669.7 billion of accounts receivable-other resulting from its mobile phone dealer financing plan to Realizing T First Special Purpose Company in exchange for cash of ₩550 billion and subordinated bond of ₩91 billion in asset-backed securitization transaction. As a result, the Company recorded loss on disposal of accounts receivable-other of ₩28,711 million for the year ended December 31, 2009.

**29. K-IFRS ADOPTION PLAN AND STATUS**

In accordance with IFRS adoption roadmap released by the Financial Supervisory Commission in March 2007, the Company is required to prepare financial statements under K-IFRS from 2011. In April 2008, the Company set up a task force for the adoption and hired outside consulting firm to evaluate the impact that K-IFRS may have on the Company's financial statements as well as to train the concerned employees. As of December 31, 2009, the Company is currently performing analysis on the major GAAP differences between K-IFRS and the Company's accounting policy, setting up action plan to decide the Company's accounting policy under K-IFRS and changing operating procedures to coincide with K-IFRS.

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**Independent Accountant's Review Report  
on Internal Accounting Control System ( IACS )**

English Translation of a Report Originally Issued in Korean

To the Representative Director of  
SK Telecom Co., Ltd.

We have reviewed the accompanying Report on the Management's Assessment of IACS (the Management's Report) of SK Telecom Co., Ltd. (the Company) as of December 31, 2009. The Management's Report, and the design and operation of IACS are the responsibility of the Company's management. Our responsibility is to review the Management's Report and issue a review report based on our procedures. The Company's management stated in the accompanying Management's Report that based on the assessment of the IACS as of December 31, 2009, the Company's IACS has been appropriately designed and is operating effectively as of December 31, 2009, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association.

We conducted our review in accordance with the IACS Review Standards established by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform a review, objective of which is to obtain a lower level of assurance than an audit, of the Management's Report in all material respects. A review includes obtaining an understanding of a company's IACS and making inquiries regarding the Management's Report and, when deemed necessary, performing a limited inspection of underlying documents and other limited procedures.

A company's IACS represents internal accounting policies and a system to manage and operate such policies to provide reasonable assurance regarding the reliability of financial statements prepared, in accordance with accounting principles generally accepted in the Republic of Korea, for the purpose of preparing and disclosing reliable accounting information. Because of its inherent limitations, IACS may not prevent or detect a material misstatement of the financial statements. Also, projections of any evaluation of effectiveness of IACS to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review, nothing has come to our attention that causes us to believe that the Management's Report referred to above is not fairly stated, in all material respects, in accordance with the IACS Framework established by the Korea Listed Companies Association.

Our review is based on the Company's IACS as of December 31, 2009, and we did not review its IACS subsequent to December 31, 2009. This report has been prepared pursuant to the Acts on External Audit for Stock Companies in the Republic of Korea and may not be appropriate for other purposes or for other users.

February 17, 2010

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**Report on the Assessment of Internal Accounting Control System ( IACS )**

To the Board of Directors and Audit Committee of  
SK Telecom Co., Ltd.

I, as the Internal Accounting Control Officer ( IACO ) of SK Telecom Co., Ltd. ( the Company ), assessed the status of the design and operation of the Company s IACS for the year ended December 31, 2009.

The Company s management including IACO is responsible for designing and operating IACS. I, as the IACO, assessed whether the IACS has been appropriately designed and is effectively operating to prevent and detect any error or fraud which may cause any misstatement of the financial statements, for the purpose of preparing and disclosing reliable financial statements reporting. I, as the IACO, applied the IACS Framework established by the Korea Listed Companies Association for the assessment of design and operation of the IACS.

Based on the assessment of the IACS, the Company s IACS has been appropriately designed and is operating effectively as of December 31, 2009, in all material respects, in accordance with the IACS Framework.

February 17, 2010

/s/ Dong Hyun Jang

Name: Dong Hyun Jang

Title: Internal Accounting Control Officer

/s/ Man Won Jung

Name: Man Won Jung

Title: Chief Executive Officer

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**Forward-Looking Statement Disclaimer**

The material above contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results or performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Additional information concerning these and other risk factors are contained in our latest annual report on Form 20-F and in our other filings with the U.S. Securities and Exchange Commission.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**SK Telecom Co., Ltd.**

*(Registrant)*

By: /s/ Tae Jin Park

*(Signature)*

Name: Tae Jin Park

Title: Senior Vice President

Date: April 29, 2010