

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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| Credit rating date | Subject of rating | Credit rating | (Credit rating range) | Rating classification |
|---------------------------|--------------------------|----------------------|------------------------------|------------------------------|
| 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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| Credit rating date | Subject of rating | Credit rating | Credit rating entity (Credit rating range) | Rating classification |
|---------------------------|--------------------------|----------------------|---|------------------------------|
| 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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| Credit rating date | Subject of rating | Credit rating | Credit rating entity (Credit rating range) | Rating classification |
|---------------------------|--------------------------|----------------------|---|----------------------------------|
| 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 |
|-------------------|----|----|-------------------------------------|-------------------|

* 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

| Date of credit rating | Subject of rating | Credit rating of securities | Credit rating company (Credit rating range) | Rating type |
|------------------------------|--------------------------|------------------------------------|--|--------------------|
| 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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| Date of credit rating | Subject of rating | Credit rating of securities | Credit rating company (Credit rating range) | Rating type |
|------------------------------|----------------------------|------------------------------------|--|--------------------|
| 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:

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

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 | |
| I. Total number of authorized shares | 220,000,000 | 220,000,000 | |
| II. Total number of shares issued to date | 89,278,946 | 89,278,946 | |
| III. Total number of shares retired to date | 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 | | | |
| IV. Total number of shares (II-III) | 80,745,711 | 80,745,711 | |
| V. Number of treasury shares | 8,400,712 | 8,400,712 | |
| VI. Number of shares outstanding (IV-V) | 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 (-) | | |
| Direct acquisition pursuant to article 165-2 of the Financial Investment Services and | Common shares | 4,704,828 | 179,200** | | 448,000 | 4,436,028 | |

| | | | | | |
|---|---------------------|-----------|---------|---------|------------|
| Capital Markets Act of Korea (FSCMA) | Preferred shares | | | | |
| based on reasons other than those stipulated in Article 165-2 of the FSCMA | Common shares | 77,970 | 4*** | | 77,974 |
| | Preferred shares | | | | |
| Sub-total | Common shares | 4,782,798 | 179,204 | 448,000 | 4,514,002* |
| | Preferred shares | | | | |
| Indirect acquisition through trust and other agreements | Common shares | 3,886,710 | | | 3,886,710 |
| | Preferred shares | | | | |
| Total | 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 | |
| Total | | 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 | |
| Specified Money Trust | 982,000 | 4 | | | | | 982,000 | 4 | 1. Extension Date: Oct. 26, 2007 |
| Trust Contracts with Asset Management Companies | | | | | | | | | 2. Extension Amount: Won 631,200 |
| Acquisition Contracts with Investment Companies | | | | | | | | | Extension Date: October 29, 2007 Extension Amount: Won 350,800 |
| Total | 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 |
|--|------------------|-----------------|
| Total shares (A) | 80,745,711 | |
| | Common share | |
| | Preferred share | |
| Number of shares without voting rights (B) | 8,400,712 | Treasury shares |
| | Common share | |
| | Preferred share | |
| Shares with restricted voting rights under the Korean law (C) | | |
| Shares with reestablished voting rights (D) | | |
| The number of shares with exercisable voting rights (E = A - B - C + D) | 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)

| Classification | As of and for the year ended December 31, 2009 | As of and for the year ended December 31, 2008 | As of and for the year ended December 31, 2007 |
|---|---|---|---|
| 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.

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 |
| | Total | 47,944 | 45,607 | 43,497 | 40,197 | 38,342 |

(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, %)

| Business fields Information and communication | Sales type | Item | Specific Usage | Major trademarks | Sales amount (ratio) |
|--|-----------------------|-----------------------------------|---------------------------|---------------------------------------|------------------------------------|
| | 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)

| Business field | Classification | Investment period | Subject of investment | Investment effect | Total investments | Amount already invested | Future investment |
|-----------------------|---------------------------------|------------------------------|-----------------------------------|--|--------------------------|--|------------------------------|
| 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 |
| Total | | | | | To be determined | 17,690 | To be determined |

B. Future Investment Plan

(Unit: in 100 millions of Won)

| Business field | Expected investment amount | | Expected investment for each year | | | Investment effect |
|-----------------------|---------------------------------------|---------------|--|---------------------|---------------------|---|
| | Asset type | Amount | 2010 | 2011 | 2012 | |
| 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 |
| Total | | 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 | | 2009 | 2008 | 2007 |
|--|----------|-------------------------|------------|------------|------------|
| | type | Item | | | |
| | 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 | |
| Total R&D costs | 290,782,212 | 297,040,453 | 296,666,853 | |
| Sales and administrative | | | | |
| Accounting expenses | 288,997,124 | 293,443,380 | 288,519,863 | |
| Development expenses (Intangible assets) | 1,785,088 | 3,597,072 | 8,146,990 | |
| R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100) | 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**III. FINANCIAL INFORMATION****1. Summary Financial Information (Non-consolidated)**

(Unit: in millions of Won)

| Classification / Fiscal Year | As of and for the year ended December 31, | | | | |
|---|---|--------------|--------------|--------------|--------------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Current assets | 4,983,052 | 3,990,503 | 4,094,059 | 4,189,325 | 4,172,485 |
| Quick assets | 4,960,396 | 3,976,576 | 4,075,378 | 4,172,887 | 4,166,500 |
| Inventory | 22,656 | 13,927 | 18,681 | 16,438 | 5,985 |
| Non-current assets | 14,314,581 | 14,626,992 | 14,038,451 | 11,624,728 | 10,349,191 |
| Investments | 5,107,653 | 5,668,127 | 5,940,045 | 3,547,942 | 2,366,760 |
| Property and Equipment | 5,196,521 | 4,698,214 | 4,594,413 | 4,418,112 | 4,595,884 |
| Intangible assets | 2,665,936 | 2,941,592 | 3,174,942 | 3,405,158 | 3,386,547 |
| Other non-current assets | 1,344,471 | 1,319,059 | 329,051 | 253,516 | |
| Total assets | 19,297,633 | 18,617,495 | 18,132,510 | 15,814,053 | 14,521,676 |
| Current liabilities | 3,294,633 | 3,412,490 | 2,484,548 | 2,985,620 | 2,747,268 |
| Non-current liabilities | 4,761,550 | 4,475,998 | 4,221,016 | 3,522,006 | 3,516,528 |
| Total liabilities | 8,056,183 | 7,888,488 | 6,705,564 | 6,507,626 | 6,263,796 |
| Capital | 44,639 | 44,639 | 44,639 | 44,639 | 44,639 |
| Capital surplus | 3,032,009 | 2,957,095 | 2,954,829 | 2,962,699 | 2,966,198 |
| Capital adjustment | (-)2,708,407 | (-)2,147,530 | (-)2,072,486 | (-)2,019,568 | (-)2,022,817 |
| Other Cumulative Profit and Loss | 913,919 | 373,784 | 1,594,099 | 473,904 | |
| Retained earnings | 9,959,290 | 9,501,018 | 8,905,865 | 7,844,753 | 7,269,861 |
| Total stockholders equity | 11,241,450 | 10,729,007 | 11,426,946 | 9,306,427 | 8,257,881 |
| Sales | 12,101,184 | 11,674,662 | 11,285,900 | 10,650,952 | 10,161,129 |
| Operating Profit (or Loss) | 2,179,337 | 2,059,896 | 2,171,543 | 2,584,370 | 2,653,570 |
| Profit (or Loss) from continuing operation | 1,288,340 | 1,277,658 | 1,642,451 | 1,446,598 | 1,871,380 |
| Current Period's Net Profit (or Loss) | 1,288,340 | 1,277,658 | 1,642,451 | 1,446,598 | 1,871,380 |

(Unit: Won)

| Classification / Fiscal Year | For the year ended December 31, | | | | |
|-----------------------------------|---------------------------------|--------|--------|--------|--------|
| | 2009 | 2008 | 2007 | 2006 | 2005 |
| Earnings per share | 17,808 | 17,559 | 22,607 | 19,734 | 25,421 |
| Diluted earnings per share | 17,808 | 17,395 | 22,289 | 19,458 | 25,015 |

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

* See the attached Korean GAAP Consolidated Financial Statements.

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

| | | |
|--------------------|--------------------------------|--------------------|
| 2009 | Year ended December 31, | 2007 |
| Deloitte Anjin LLC | 2008 | Deloitte Anjin LLC |
| | Deloitte Anjin LLC | |

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 |
|-------------------------------------|--------------------|--|------------|------------------------|
| Year ended December 31, 2009 | Deloitte Anjin LLC | Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit | 1,308,356 | 13,982 |
| Year ended December 31, 2008 | Deloitte Anjin LLC | Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit | 1,310,097 | 13,346 |
| Year ended December 31, 2007 | 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)

| Term | Contract date | Service provided | Service duration | Fee |
|-------------------------------------|----------------------|--|-------------------------|------------|
| Year ended December 31, 2009 | 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 |
| Year ended December 31, 2008 | 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 |
| Year ended December 31, 2007 | 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 |

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

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

2. ANALYSIS OF OPERATING DATA

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

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

| | | | Change from | | Change from |
|----------------------------|------|------|----------------|------|----------------|
| (Unit: in billions of Won) | 2009 | 2008 | 2008 | 2007 | 2008 |

| | | | 2008 to 2009 | | | 2007 to 2008 |
|------------------------------|-------|-------|-------------------------|-------|-------|-------------------------|
| Labor cost | 520 | 477 | 9% | 477 | 496 | -4% |
| Commissions paid | 4,595 | 4,419 | 4% | 4,419 | 4,036 | 10% |
| Marketing commissions | 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 |
| Initial commissions | 1,834 | 1,677 | 9% | 1,677 | 1,653 | 1% |
| Monthly commissions | 430 | 388 | 11% | 388 | 365 | 6% |
| Retention commissions | 721 | 698 | 3% | 698 | 531 | 31% |
| Other commissions | 1,610 | 1,656 | -3% | 1,656 | 1,487 | 11% |
| Advertising | 265 | 301 | -12% | 301 | 305 | -1% |
| Depreciation | 2,030 | 1,943 | 4% | 1,943 | 1,852 | 5% |
| Network interconnection | 1,068 | 1,039 | 3% | 1,039 | 998 | 4% |
| Mobile to Mobile | 850 | 821 | 3% | 821 | 785 | 5% |
| Land to Mobile | 219 | 218 | 0% | 218 | 213 | 2% |
| Leased line | 333 | 391 | -15% | 391 | 389 | 1% |
| Others | 1,111 | 1,044 | 6% | 1,044 | 1,038 | 1% |
| Total operating expenses | 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 |
| Non-operating income | 786 | 1,015 | -23% | 1,015 | 851 | 19% |
| Interest income | 157 | 107 | 47% | 107 | 77 | 39% |
| Gains on valuation of equity method investments | 64 | 42 | 53% | 42 | 267 | -84% |
| Others | 566 | 866 | -35% | 866 | 507 | 71% |
| Non-operating expenses | 1,308 | 1,569 | -17% | 1,569 | 715 | 119% |
| Interest expenses | 305 | 256 | 19% | 256 | 216 | 19% |
| Gains on valuation of equity method investments | 295 | 259 | 14% | 259 | 249 | 4% |

| | | | | | | |
|---|-----|-----|------|-----|-----|------|
| Research & development and other contributions | 126 | 172 | -26% | 172 | 146 | 17% |
| Others | 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) | | | | | | |
| Current assets | 4,983 | 3,991 | 24.9% | 3,991 | 4,094 | -2.5% |
| Quick assets | 4,960 | 3,977 | 24.7% | 3,977 | 4,075 | -2.4% |
| Cash and cash equivalent | 421 | 434 | -3.1% | 434 | 576 | -24.6% |
| Short-term financial instruments | 178 | 98 | 80.9% | 98 | 79 | 24.0% |
| Short-term investment securities | 370 | 370 | 0.1% | 370 | 734 | -49.6% |
| Accounts receivable | 1,700 | 1,635 | 4.0% | 1,635 | 1,680 | -2.7% |
| Allowance for doubtful accounts | -143 | -58 | 144.3% | -58 | -60 | -2.0% |
| Inventory | 23 | 14 | 62.7% | 14 | 19 | -25.4% |
| Non-current assets | 14,315 | 14,627 | -2.1% | 14,627 | 14,038 | 4.2% |
| Investments | 5,108 | 5,668 | -9.9% | 5,668 | 5,940 | -4.6% |
| Property and Equipment | 5,197 | 4,698 | 10.6% | 4,698 | 4,594 | 2.3% |
| Intangible assets | 2,666 | 2,942 | -9.4% | 2,942 | 3,175 | -7.3% |
| Other non-current assets | 1,344 | 1,319 | 1.9% | 1,319 | 329 | 300.9% |
| Total assets | 19,298 | 18,617 | 3.7% | 18,617 | 18,133 | 2.7% |
| Current liabilities | 3,295 | 3,412 | -3.5% | 3,412 | 2,485 | 37.3% |
| Short-term borrowings | | 155 | -100.0% | 155 | | |
| Accounts payable | 1,136 | 1,040 | 9.3% | 1,040 | 1,113 | -6.6% |
| Current portion of long-term debt | 515 | 698 | -26.2% | 698 | 412 | 69.7% |
| Non-current liabilities | 4,762 | 4,476 | 6.4% | 4,476 | 4,221 | 6.0% |
| Bonds payable | 3,491 | 2,943 | 18.6% | 2,943 | 2,329 | 26.4% |
| Long-term borrowings | 817 | 826 | -1.1% | 826 | 294 | 181.0% |
| Total liabilities | 8,056 | 7,888 | 2.1% | 7,888 | 6,706 | 17.6% |
| Capital | 45 | 45 | 0.0% | 45 | 45 | 0.0% |
| Capital surplus | 3,032 | 2,957 | 2.5% | 2,957 | 2,955 | 0.1% |
| Capital adjustment | -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**

| | | | | | | |
|--|--------|--------|------|--------|--------|-------|
| Retained earnings | 9,959 | 9,501 | 4.8% | 9,501 | 8,906 | 6.7% |
| Total stockholders equity | 11,241 | 10,729 | 4.8% | 10,729 | 11,427 | -6.1% |
| Total liabilities and stockholders equity | 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

| Meeting | Date | Agenda | Approval |
|--|-------------------|---|--|
| 300th (the first meeting of 2009) | 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 |
| 301st (the second meeting of 2009) | February 17, 2009 | Convocation of the 25 th General Meeting of Shareholders Partnership Agreement with Offshore Private Equity Fund | Approved as proposed Approved as proposed |

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| Meeting | Date | Agenda | Approval |
|---|--------------------|--|--|
| 302nd (the third meeting of 2009) | 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 |
| 303rd (the fourth meeting of 2009) | 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 |
| 304th (the fifth meeting of 2009) | June 19, 2009 | Asset Management Transaction with Affiliated Company (SK Securities) | Approved as proposed |
| 305th (the sixth meeting of 2009) | July 23, 2009 | Proposal for Interim Dividend | Approved as proposed |
| 306th (the seventh meeting of 2009) | August 14, 2009 | Revision of Accounting Principles | Approved as proposed |
| 307th (the eighth meeting of 2009) | September 18, 2009 | Asset Management Transaction with Affiliated Company (SK Securities) Sale of SK C&C Shares | Approved as proposed Approved as proposed |
| 308th (the ninth meeting of 2009) | September 25, 2009 | Sale of China Unicom Shares | Approved as proposed |
| 309th (the tenth meeting of 2009) | October 16, 2009 | Strategic Alliance relating to China Cyworld Purchase of Hana Card s shares | Approved as proposed Approved as proposed |

**310th (the
eleventh
meeting of
2009)**

December 14,
2009

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| Meeting | Date | Agenda | Approval |
|---|--------------------------------------|--|--|
| 311th (the twelfth meeting of 2009) | 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 |

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

| Committee Name | Date of Activity | Agenda | Approval | Independent Directors | | | | |
|-------------------------------|-------------------------|--|----------------------|--|--|--|--|--|
| | | | | Dal Sup Shim (Attendance: 100%) | Rak Yong Uhm (Attendance: 100%) | Hyun Chin Lim (Attendance: 100%) Vote | Jay Yung Chung (Attendance: 100%) | Jae Ho Cho (Attendance: 100%) |
| 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

| Committee Name | Date of Activity | Agenda | Approval | Independent Directors | | |
|---------------------------------|-------------------------|--|----------------------|--|--|--|
| | | | | Rak Yong Uhm (Attendance: 100%) | Hyun Chin Lim (Attendance: 100%) Vote | Jay Yung Chung (Attendance: 100%) |
| 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)

| Name | Independent Director | Remarks |
|--------------|-----------------------------|---|
| Man Won Jung | No | During the 30 th meeting of the Board of the Directors held on May 21 st , 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.

| Meeting | Date | Agenda | Approval | Remarks |
|----------------------------|-------------------|---|--|----------------|
| 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 nd 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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| Meeting | Date | Agenda | Approval | Remarks |
|------------------------------|--------------------|---|--|----------------|
| 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 st half of 2009 | | |
| | | Revision of accounting rules Management audit results for the 1 st half of 2009 | | |
| The ninth meeting of 2009 | September 17, 2009 | Transactions with SK C&C in the 4 th 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 th 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 | | | | | | | | | | | |
| Total affiliated companies | 31.80% | 33.40% | 23.20% | 39.60% | 0.00% | 42.50% | 9.00% | 58.00% | 100.00% | 100.00% | 45.50% |

| 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

| Investing company | Busan City Gas | Jeonnam City Gas | Gangwon City Gas | GBESService | OK Cash | Gangnam City Gas | SK Wyverns | Infosec | MRO Korea | SK Telesys |
|-------------------|----------------|------------------|------------------|-------------|---------|------------------|------------|---------|-----------|------------|
| 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 | | | | | | | | | | | |
| Total affiliated companies | 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% | | | | | | | | | |
| Total affiliated companies | 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 | | | | | | | | | | | |
| Total affiliated companies | 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 | | | | | | | | | | | |
| Total affiliated companies | 100.00% | 48.70% | 50.60% | 36.00% | 100.00% | 100.00% | 100.00% | 44.00% | 100.00% | 80.40% | 100.00% |

| 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% | | | | | | |

| | | | | | | | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| SK Communications | | | | | | | | | | | |
| SK Broadband | | | | | | | | | | | |
| SK Lubricant | | | | | | | | | | 100.00% | |
| SK Securities | | | | | | | | | | | |
| Total affiliated companies | 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 |
| SK Corporation | Largest Shareholder | Common share | 18,748,452 | 23.09 | 18,748,452 | 23.22 |
| Tae Won Chey | Officer of affiliated company | Common share | 100 | 0.00 | 100 | 0.00 |
| Shin Won Chey | Officer of affiliated company | Common share | 500 | 0.00 | 500 | 0.00 |
| Shin Bae Kim | Officer of affiliated company | Common share | 1,270 | 0.00 | 1,270 | 0.00 |
| Man Won Jung | Director | Common share | 0 | 0.00 | 4,000 | 0.00 |
| Sung Min Ha | Director | Common share | 738 | 0.00 | 738 | 0.00 |
| Bang Hyung Lee | Officer of affiliated company | Common share | 200 | 0.00 | 200 | 0.00 |
| Total | | 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 |
|------------------------------|----------------|-------------------------------|-----------------|
| SK Energy Co., Ltd. | 33.40% | Energy | Publicly Listed |
| SK Telecom Co., Ltd. | 23.22% | Telecommunication | Publicly Listed |
| SK Networks Co., Ltd. | 39.12% | Energy Sale | Publicly Listed |
| SKC Co., Ltd. | 42.50% | Synthetic Resin Manufacturing | Publicly Listed |
| SK E&C Co., Ltd. | 40.02% | Construction | Privately Held |
| SK Shipping Co., Ltd. | 72.13% | Ocean Freight | Privately Held |
| SK E&S Co., Ltd. | 67.55% | Gas Company Holdings | Privately Held |

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| Affiliates | Share Holdings | Industry | Description |
|--------------------------|-----------------------|------------------|--------------------|
| SK Gas Co., Ltd. | 45.53% | Gas | Publicly Listed |
| K-Power Co., Ltd. | 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, %)

| Largest Shareholder | Date of the change in the largest shareholder/ Date of change in shareholding | Shares Held | Holding Ratio | Remarks |
|----------------------------|--|--------------------|----------------------|---|
| SK Corporation | 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 th 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 |
| | Total | 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)

| Classification | Account classification | Type of share | Balance at the beginning of period (Unit: Shares) | Balance at the end of period (Unit: Shares) |
|-----------------------|----------------------------------|----------------------|--|--|
| 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)

| Classification | Number of shareholders | Ratio (%) | Number of shares | Ratio (%) | Remarks |
|--|-------------------------------|------------------|-------------------------|------------------|----------------|
| Total minority shareholders | 46,167 | 99.98 | 25,122,635 | 31.11 | |
| Minority shareholders (corporate) | 886 | 1.92 | 7,009,987 | 8.68 | |
| Minority shareholders (individual) | 45,275 | 98.05 | 18,105,840 | 22.42 | |
| Minority shareholders (Largest Shareholder and Related Persons) | 6 | 0.01 | 6,808 | 0.01 | |
| Major shareholders | | | | | |
| Total other shareholders | 9 | 0.02 | 55,623,076 | 68.89 | |
| Other shareholders (corporate) | 6 | 0.01 | 12,056,154 | 14.93 | |
| Other shareholders (individual) | 2 | 0.01 | 24,818,470 | 30.74 | |
| Other shareholders (Largest Shareholder and Related Persons) | 1 | 0 | 18,748,452 | 23.22 | |
| Total | 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 | |
| Total | 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 | 5,900 | 5,900 | | 11,800 | |
| Content Investment | Investment | 7,127 | 4,538 | | 11,665 | |
| C-Mall | Investment | 501,651 | | 351,156 | 150,495 | |
| SK C&C | Investment | | | | | |
| SKT Holdings | Investment | 12,990 | | 12,990 | | |
| AMERICA | Investment | 2,440 | | 2,440 | | |
| Air Cross Co., Ltd. | Investment | | | | | |
| Total | | 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 | | | Accrued interest | Remarks |
|--------------------------------|--------------|---|-----------|----------------|----------|--------|---------------------|---------|
| | | | | Increase | Decrease | Ending | | |
| Park Dal and others | 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 | | | Accrued interest | Remarks |
|-----------------------------|--------------|---------------------|-----------|----------------|----------|--------|---------------------|---------|
| | | | | Increase | Decrease | Ending | | |

| | | | | | |
|--|-----------------------------------|--------------------|--------|--------|----------------------|
| DSS Mobile Com. (India) | 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 | | |
| Total | | 1,654,706 | 261,249 | 1,651,538 | 264,417 | |

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**

| Date of Disclosure | Title | Report | Reports status |
|---------------------------|---|--|---|
| 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

| Date | Agenda | Resolution |
|---|--|---|
| 23 rd 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 th 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 th 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 th 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) | |
| CURRENT ASSETS: | | | | |
| 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 |
| Total Current Assets | 4,983,052 | 3,990,503 | 4,282,260 | 3,429,298 |
| NON-CURRENT ASSETS: | | | | |
| 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 |
| TOTAL ASSETS | ₩ 19,297,633 | ₩ 18,617,495 | \$ 16,583,709 | \$ 15,999,222 |

(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. | |
|--|------------------|------------------|-----------------------|------------------|
| | 2009 | 2008 | 2009 | 2008 |
| | (In millions) | | (In thousands) | |
| CURRENT LIABILITIES: | | | | |
| 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 |
| Total Current Liabilities | 3,294,633 | 3,412,490 | 2,831,292 | 2,932,574 |
| NON-CURRENT LIABILITIES: | | | | |
| 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 |
| Total Non-current Liabilities | 4,761,550 | 4,475,998 | 4,091,909 | 3,846,516 |
| Total Liabilities | 8,056,183 | 7,888,488 | 6,923,201 | 6,779,090 |
| STOCKHOLDERS' EQUITY: | | | | |
| 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 |

(Continued)

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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 | 2008 | 2009 | 2008 |
| | (In millions except for per share data) | | (In thousands except for per share data) | |
| OTHER EXPENSES: | | | | |
| 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) | |
| RETAINED EARNINGS BEFORE | | | | |
| APPROPRIATIONS: | | | | |
| 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 |
| | | | | |
| TRANSFER FROM VOLUNTARY RESERVES: | | | | |
| 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 |
| | | | | |
| APPROPRIATIONS: | | | | |
| 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) |
| | | | | |
| UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR | ₩ 1,206 | ₩ 1,762 | \$ 1,036 | \$ 1,514 |

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 |
|--|-----------------|--------------------|------------------------|---|----------------------|---------------------------------|
| (In millions of Korean won) | | | | | | |
| 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 |

(Continued)

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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 |
|---|-----------------|--------------------|------------------------|---|----------------------|---------------------------------|
| (In thousands of U.S. dollars) | | | | | | |
| 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) | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| 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 |
| Sub-total | 2,902,229 | 3,170,959 | 2,494,074 | 2,725,011 |
| 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 |

(Continued)

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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) | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| 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) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| 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 |
| (Investments in listed companies) | | | | | | |
| 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 |
| (Investments in non-listed companies) | | | | | | |
| 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 |

(Investments in funds)

| | | | | | |
|----------------------|-----------|---------------|----------|-------------|-------------|
| 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 | June 2011 | 131 | 8 | 3,551 |
| Bond-type beneficiary certificates | | 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.

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 | Acquisition | Equity in | Equity in | Equity | Dividend | Other | Ending |
| | | balance | | earnings | other | method in | received | increase | balance |
| | | | | (losses) | comprehensive | capital | | (decrease) | |
| | | | | | adjustments | | | | |
| 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 |
| Intreev Soft Co., Ltd. | (Note a) | 13,221 | | (3,396) | 92 | (342) | | | 9,575 |
| SK Baba Club | (Notes a and d) | 1,733 | | | | | | (1,733) | |
| SK Commerce Planet Co., Ltd. | (Notes a and d) | 6,266 | | (4,761) | | (1,703) | | 1,733 | 1,535 |
| SK Loen Entertainment, Inc. | (Note a) | 21,415 | 30,000 | 366 | (2,731) | (13,155) | | | 35,895 |
| SK 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) | |
| Total | ₩ 588,743 | ₩ 47,041 | (₩56,956) | ₩ 578,828 |

| | 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 | Number of | Market price |
|-----------------------------|------------------------------|-----------------------------------|--------------|
| | per share (In Korean won) | shares owned by the Company | |
| 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 |

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 |
| Total | ₩4,698,214 | ₩1,683,087 | ₩611,971 | (₩114,580) | (₩134,903) | (₩1,547,268) | ₩5,196,521 |

(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 | |
| Total | ₩4,594,413 | ₩1,803,750 | (₩51,221) | (₩173,784) | (₩1,474,944) | ₩4,698,214 | |

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 |
| | ₩ 5,436,730 | (₩ 2,770,794) | ₩ 2,665,936 | ₩ 5,229,573 | (₩ 2,287,981) | ₩ 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 |
| Total | ₩ 2,941,592 | ₩ 51,807 | ₩ 6,138 | (₩9,197) | ₩ 158,409 | (₩482,813) | ₩ 2,665,936 |

(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 |
| | ₩ 3,174,942 | ₩ 71,431 | (₩10,567) | ₩ 174,264 | | (₩468,478) | ₩ 2,941,592 |

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 |
| | | 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 |
|----------------------|-----------|-----------|

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.

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

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.

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 |
|-------------|--------------------|----------------------|----------------------|-------------------------|
|-------------|--------------------|----------------------|----------------------|-------------------------|

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| | | | | |
|---|-----------|----------|-----------|-----------|
| Current: | | | | |
| 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 | | | | |