

# New Shift



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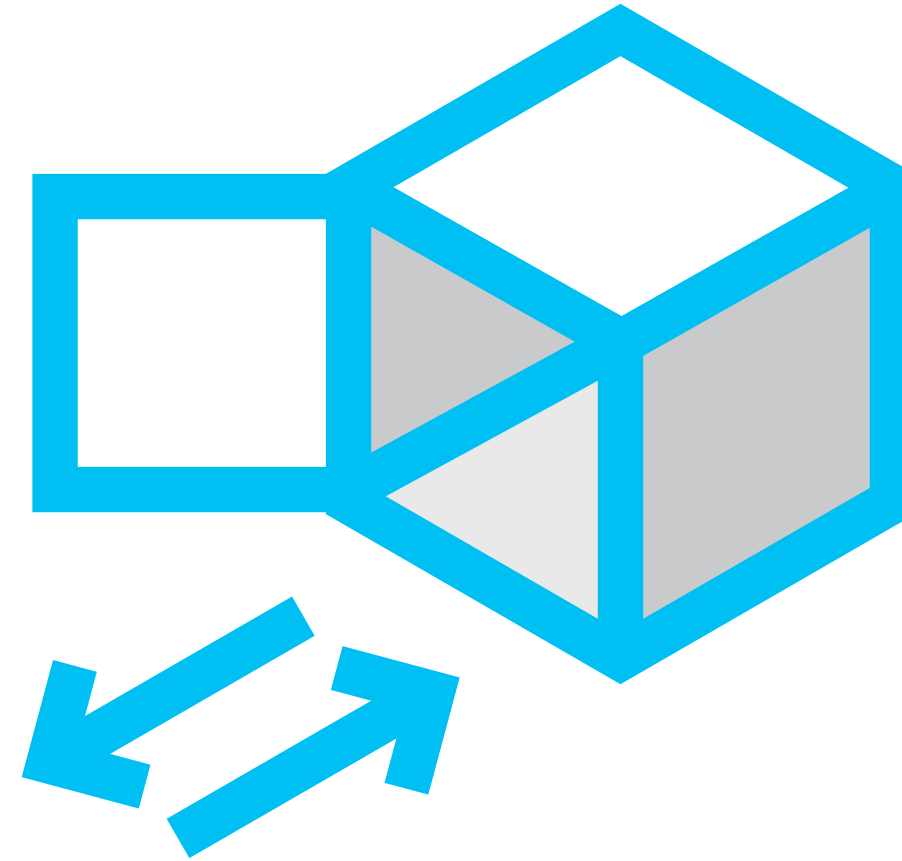
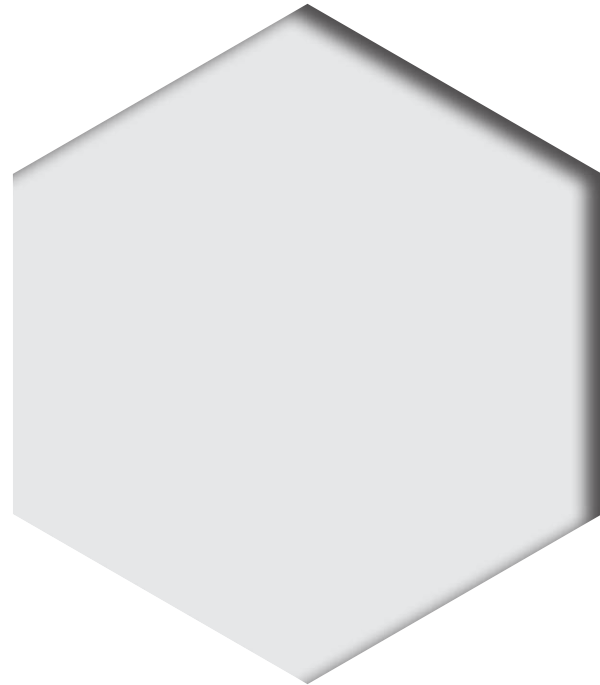
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In today's fast-changing information and communications technology (ICT) landscape, we at SK Telecom are leveraging our unrivaled market leadership in Korea to make platforms a catalyst for growth as we set our sights on becoming a global platform player. Today, more and more people are using the platforms we provide to deliver innovative new services and products to their customers. They are growing and thriving by creating new value through openness and sharing. This is the open platform future we envision as we help write the next chapter in ICT history.

# 1 Open

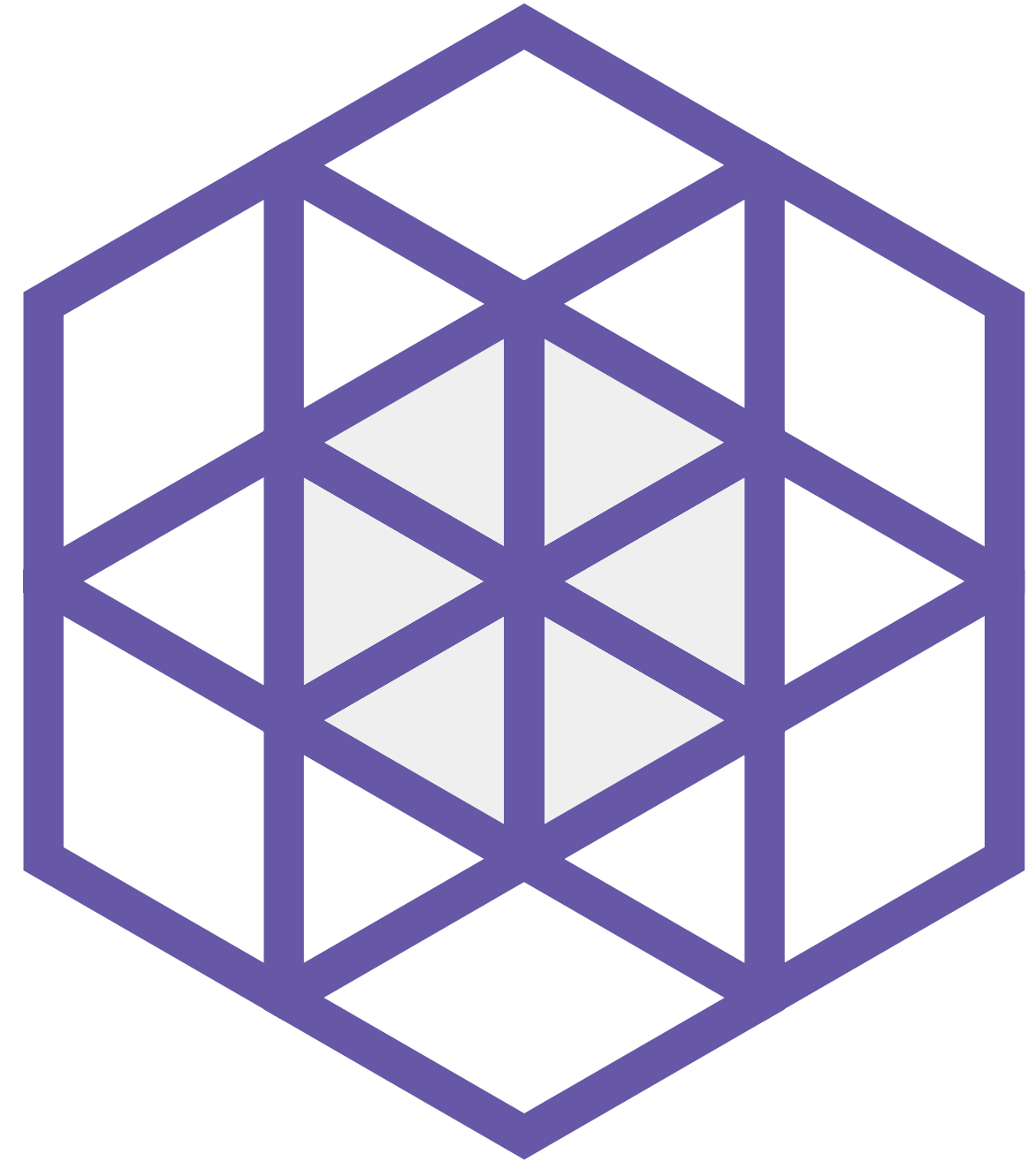
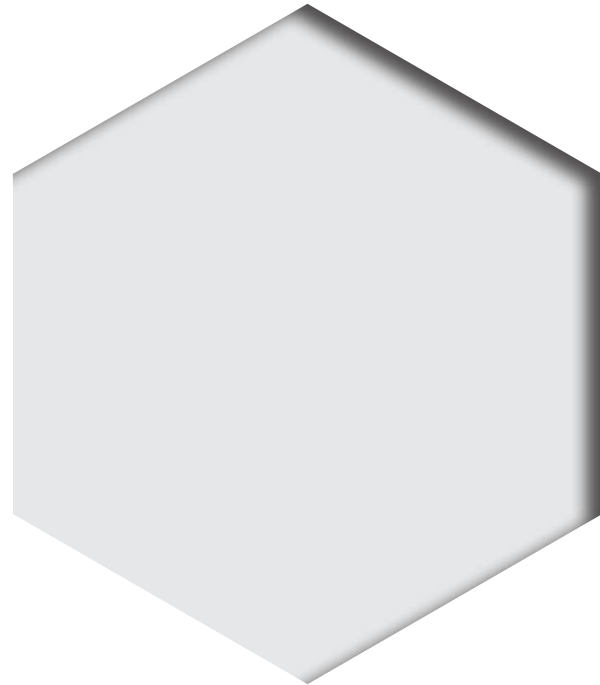
In the platform business, success depends first and foremost on openness, the essential ingredient of thriving ecosystems. At SK Telecom, our door is always open to any and all. We are now in the process of opening up our core application programming interfaces (APIs) and every other tangible and intangible asset we own. Our aim is to work hand-in-hand with third-party developers to build ecosystems that help us grow and prosper together, ultimately expanding this growth to other industries and overseas markets as we set our sights on being a true global player.



IN ADDITION TO OPENING OUR APIS THROUGH THE T API CENTER IN 2010, WE ALSO OPENED THE OPEN INNOVATION CENTER (OIC) TO SERVE AS THE PHYSICAL NEXUS OF OUR DEVELOPER ECOSYSTEM. HOME TO T ACADEMY AND THE MOBILE DEVICE TEST CENTER, THE OIC PROVIDES THIRD-PARTY DEVELOPERS WITH EVERYTHING THEY NEED TO START THEIR BUSINESSES AND BRING TOMORROW'S PRODUCTS, SERVICES, AND PLATFORMS TO MARKET.

## 2 Shared

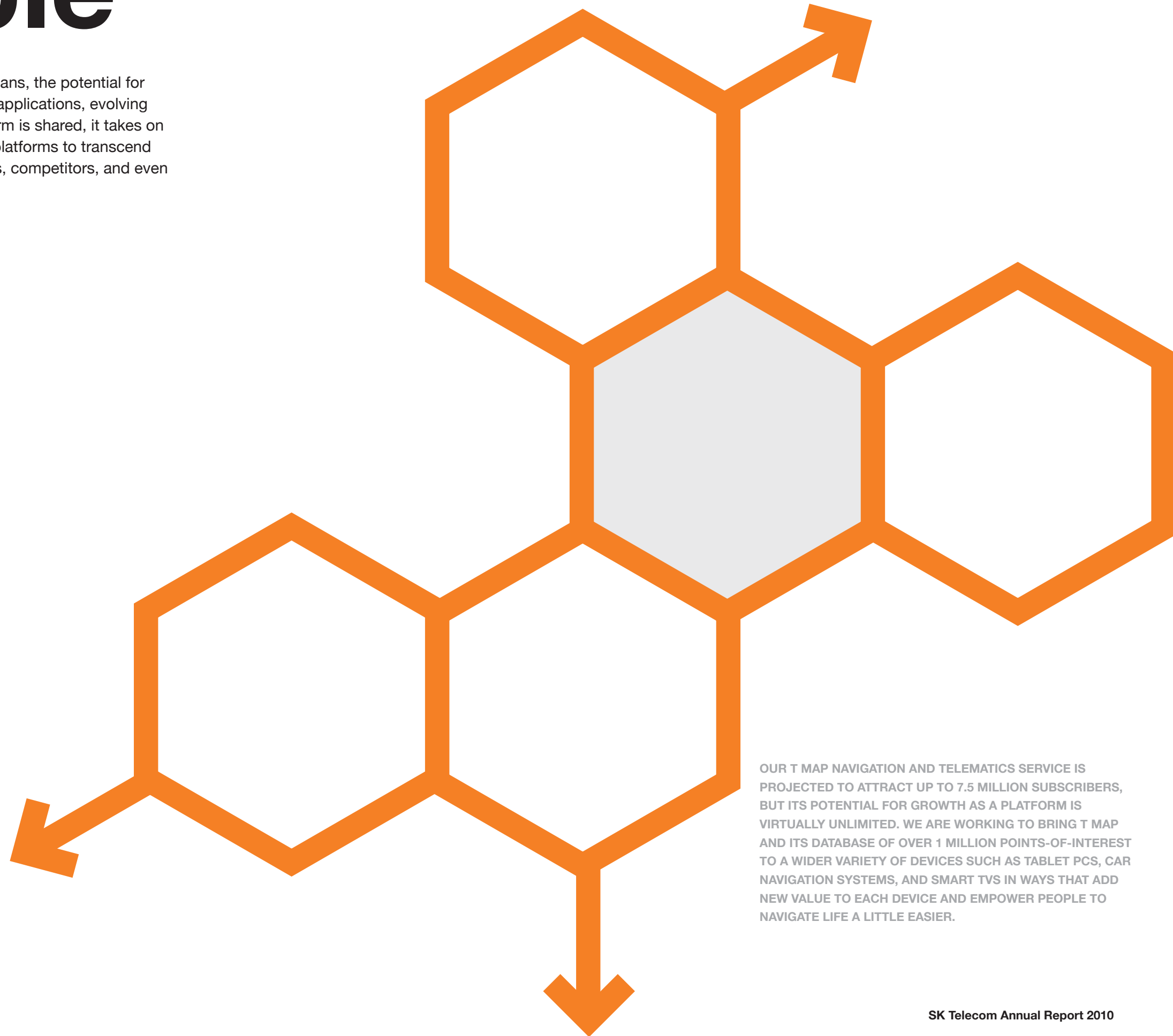
Up until now, consumers, companies, and countless third-party developers have each travelled their own mutually exclusive paths. Today, our platforms allow everyone to join together on the same journey. Platforms find meaning when they are shared by many, and the more they are used, the more powerful they become. At SK Telecom, we are a trendsetter that people seek out because we deliver convenience for real-world user needs and technical innovation built on real-world leadership. Today as we open up and share our platforms, we are unleashing new synergy that will help each participant in our ecosystems prosper and grow together.



IN COOPERATION WITH SK COMMUNICATIONS, WE NOW OFFER BUSINESS PARTNERS A CYWORLD SHARING PLUG-IN THAT ALLOWS CYWORLD USERS TO EASILY SHARE CONTENT FROM AROUND THE INTERNET WITH THEIR CYWORLD FRIENDS. WE ARE ALSO EXTENDING THE CONCEPT OF SHARING BEYOND THE INTERNET TO WORK WITH A BROAD RANGE OF MOBILE APPLICATIONS, SMART DEVICES, AND EVEN QR CODES, ENABLING INTERACTIVE MARKETING TO REACH BOTH ONLINE AND OFFLINE MARKETPLACES.

# 3 Expandable

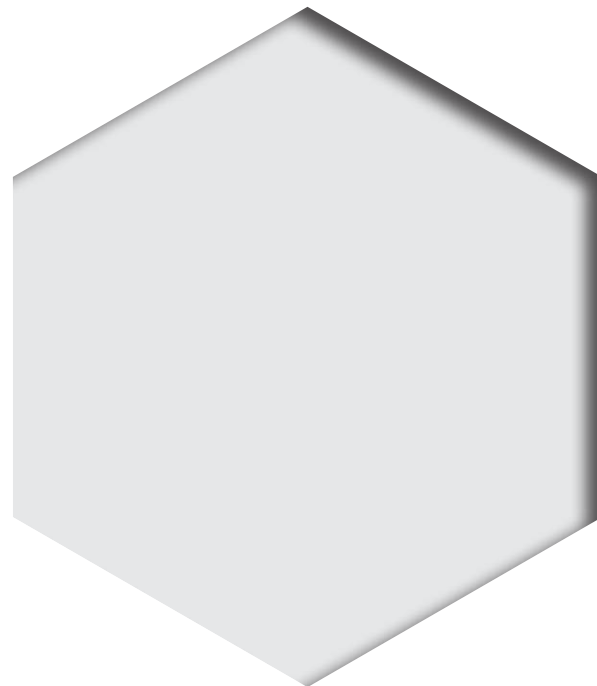
Just as many small streams join together to make great rivers that flow to the oceans, the potential for platform growth is virtually limitless. A single service is joined by other ideas and applications, evolving into an entirely new platform that no one could have imagined. And as that platform is shared, it takes on a life of its own and thrives. At SK Telecom, we are committed to expanding our platforms to transcend the barriers that divide and hold us back, empowering customers, non-customers, competitors, and even entirely different industries to transform their future.



OUR T MAP NAVIGATION AND TELEMATICS SERVICE IS PROJECTED TO ATTRACT UP TO 7.5 MILLION SUBSCRIBERS, BUT ITS POTENTIAL FOR GROWTH AS A PLATFORM IS VIRTUALLY UNLIMITED. WE ARE WORKING TO BRING T MAP AND ITS DATABASE OF OVER 1 MILLION POINTS-OF-INTEREST TO A WIDER VARIETY OF DEVICES SUCH AS TABLET PCS, CAR NAVIGATION SYSTEMS, AND SMART TVS IN WAYS THAT ADD NEW VALUE TO EACH DEVICE AND EMPOWER PEOPLE TO NAVIGATE LIFE A LITTLE EASIER.

# 4 Glocalization

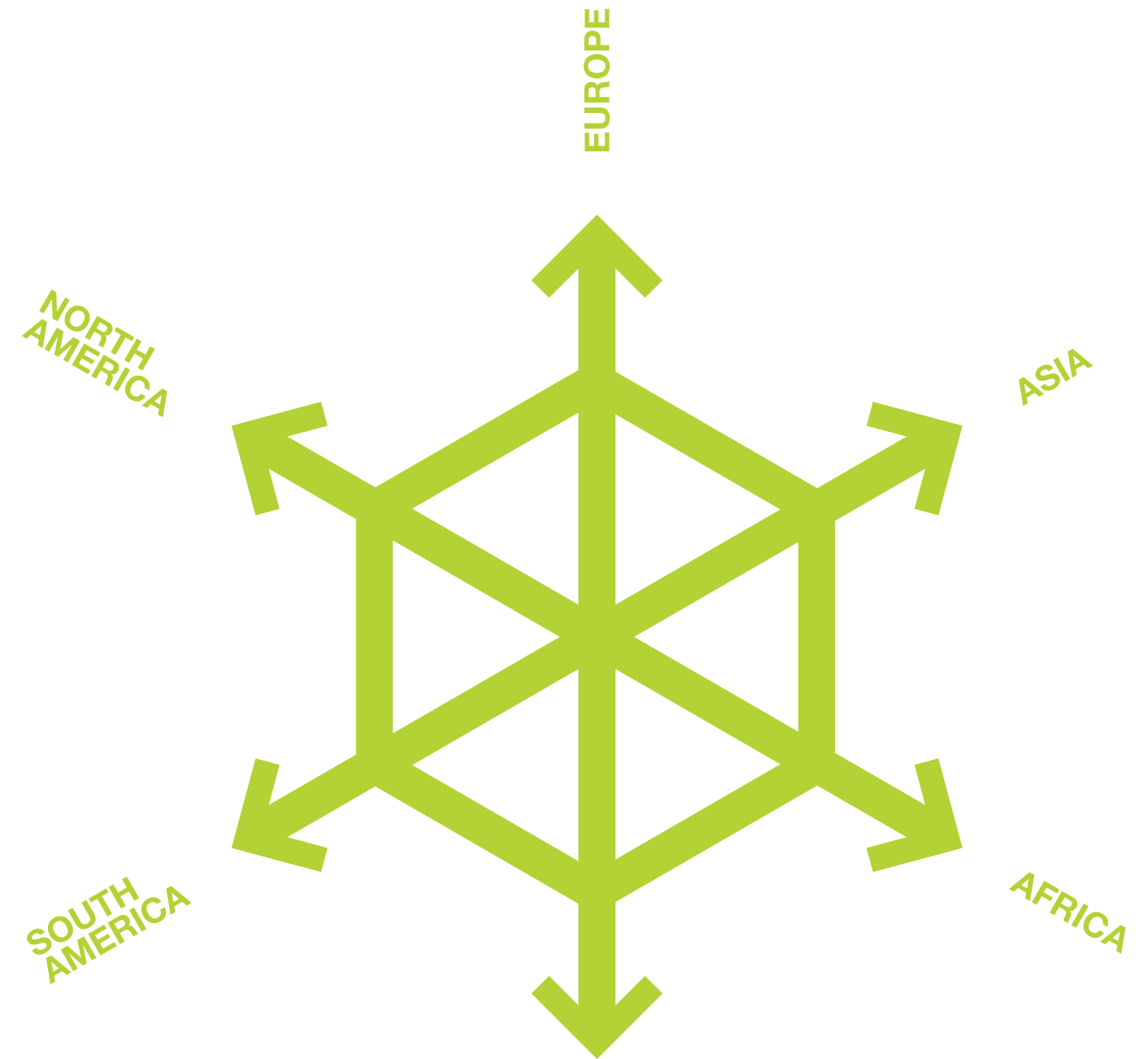
At SK Telecom, we are not in the business of simply producing and exporting platforms. We are opening up our broad portfolio of platforms to other players in the global marketplace with the simple goal of enabling every participant in our global ecosystems to prosper as we work together to enhance value through innovation. Today, our platform business is going global as our T store app store, MelOn music service, and E-MIV mobile telematics platforms make inroads across Asia. In the years ahead, we will continue to actively collaborate with a broad range of businesses to build win-win global partnerships that will shape the mobile future.



Globalization

+

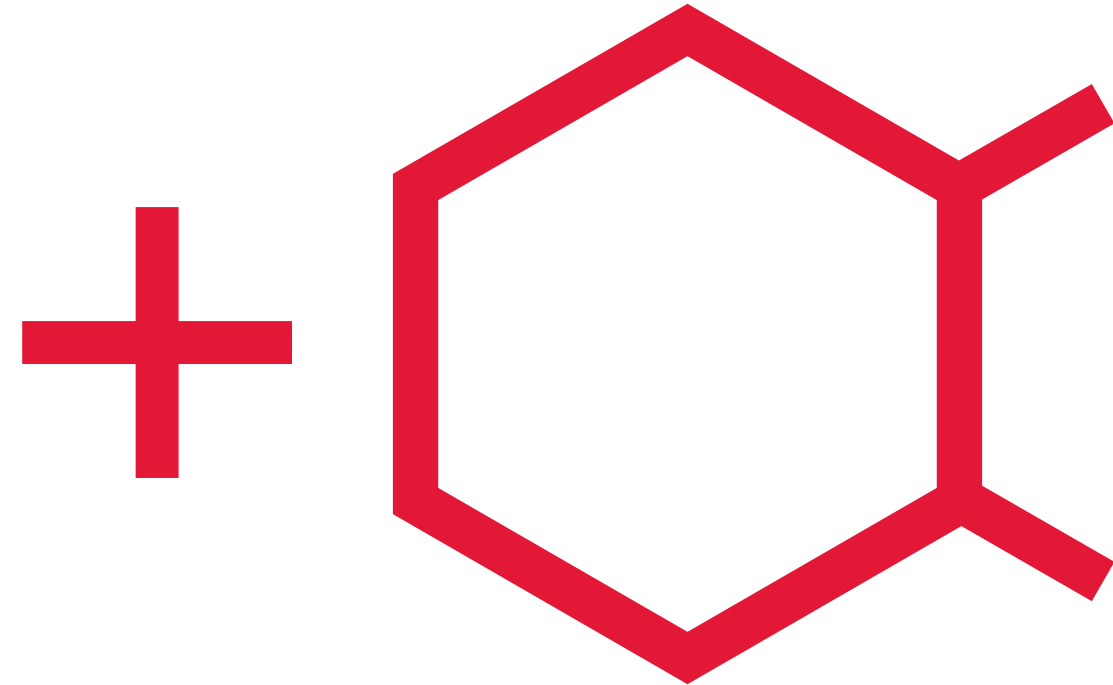
Localization



OCEANIA

OUR GLOBAL CUSTOMER BASE GROWS WITH EACH PASSING DAY AS OUR PLATFORMS HELP MAKE LIFE MORE COMFORTABLE AND ENJOYABLE. IN CHINA, OUR T STORE APP NOW COMES PRE-INSTALLED ON EVERY LENOVO SMARTPHONE, WHILE OUR E-MIV SMARTPHONE-BASED TELEMATICS SERVICE ENHANCES THE DRIVING EXPERIENCE. IN INDONESIA, WE ARE BRINGING MORE ENTERTAINMENT TO LIFE THROUGH THE MELON INDONESIA MUSIC SERVICE AS WE BUILD AN ADVANCED CONTENT DISTRIBUTION SYSTEM KNOWN AS THE DIGITAL CONTENT EXCHANGE HUB (DCEH).

# + Platforms



At SK Telecom, we are now leveraging the dominant competitive position we have built over the past two decades to bring new value to the platform business. With a subscriber base of over 25 million, we know how to build solid, scalable platforms. We also have huge untapped potential in key fields such as real-time interactivity, personalization, social networking, and location information infrastructure, all areas that will drive growth in tomorrow's ICT industry. Our experience in developing innovative services and achieving critical mass has enabled us to transform T map, MelOn, NateOn, T store, and other services into platforms.

Today, that experience is enabling us to take the lead in developing the cutting-edge services and technical capabilities that will power tomorrow's TV portal, personal media, wireless personal area network, and m-commerce markets. In the coming years, we will open up not only our services and technologies, but our tangible and intangible assets as well. Rather than limiting this openness to some specific service or field, we will open up and share our fixed and wireless networks, distribution networks, and even customer service centers as we transform SK Telecom into a global platform player that creates a world of new value.

# Financial Highlights

## 2010 FINANCIAL HIGHLIGHTS

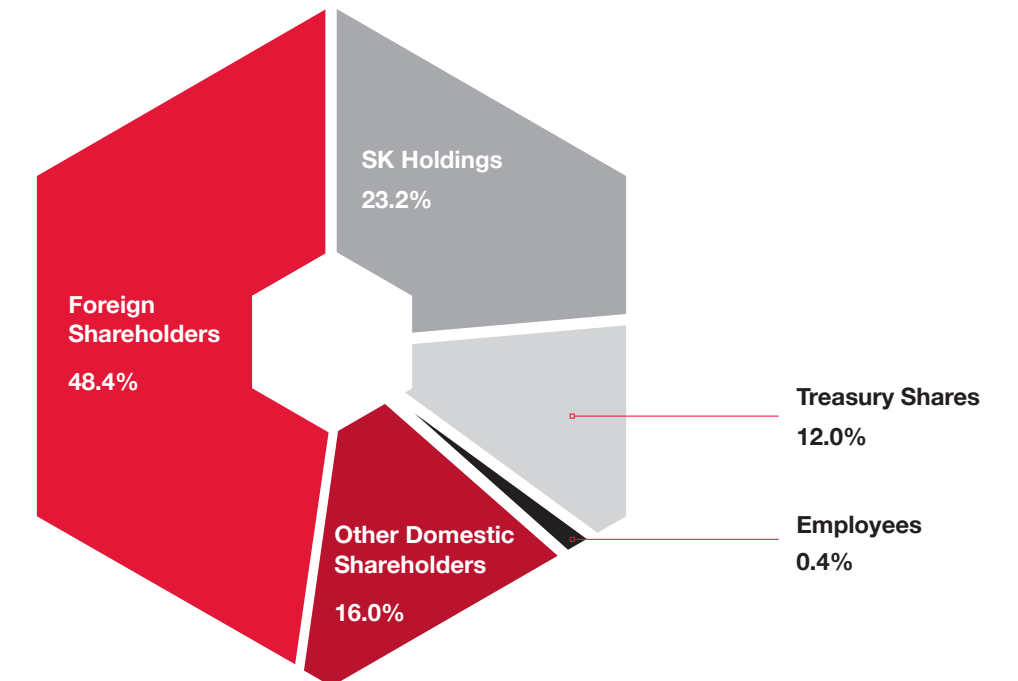
	In billions of KRW		
	2010	2009	2008
<b>Operating Results</b>			
Revenue	12,460.0	12,101.2	11,674.7
EBITDA <sup>(1)</sup>	4,220.7	4,209.4	4,003.3
Net income	1,411.0	1,288.3	1,277.7
<b>Balance Sheets</b>			
Total assets	18,959.9	19,297.6	18,617.5
Cash & marketable securities	857.0	968.8	902.3
Total liabilities	7,505.5	8,056.2	7,888.5
Interest-bearing financial debt	3,993.2	4,530.2	4,442.4
Shareholders' equity	11,454.4	11,241.5	10,729.0
<b>Financial Ratios (%)</b>			
EBITDA margin	33.9	34.8	34.3
Net income margin	11.3	10.6	10.9
Debt-to-equity ratio <sup>(2)</sup>	34.9	40.3	41.4

(1) EBITDA = Operating income + Depreciation + R&D related depreciation within R&D expense

(2) Debt-to-equity ratio = Interest-bearing financial debt / Shareholders' equity

## 2010 SK TELECOM SHAREHOLDERS

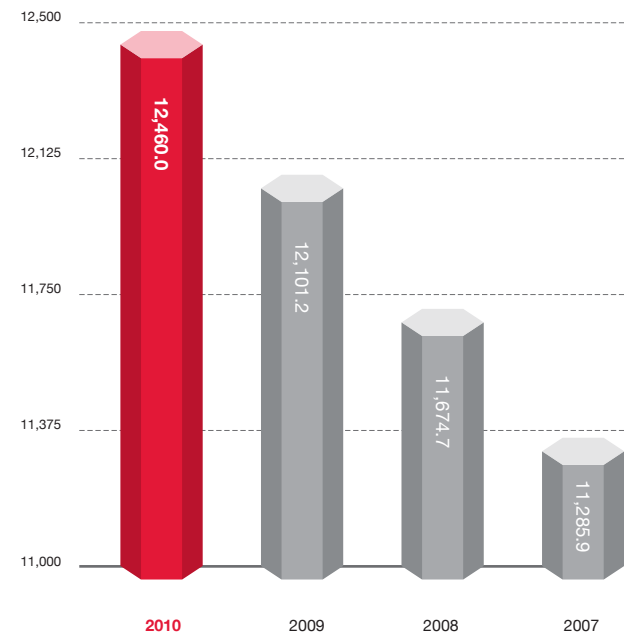
As of Dec. 2010



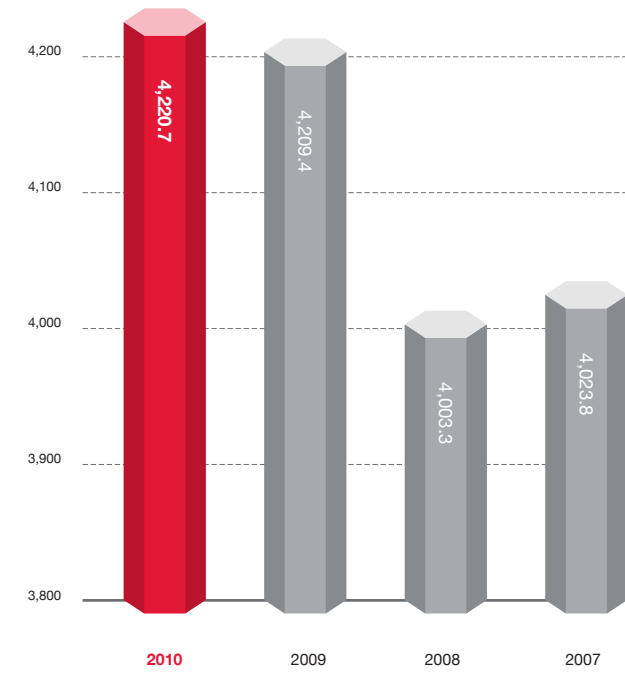


FINANCIAL HIGHLIGHTS

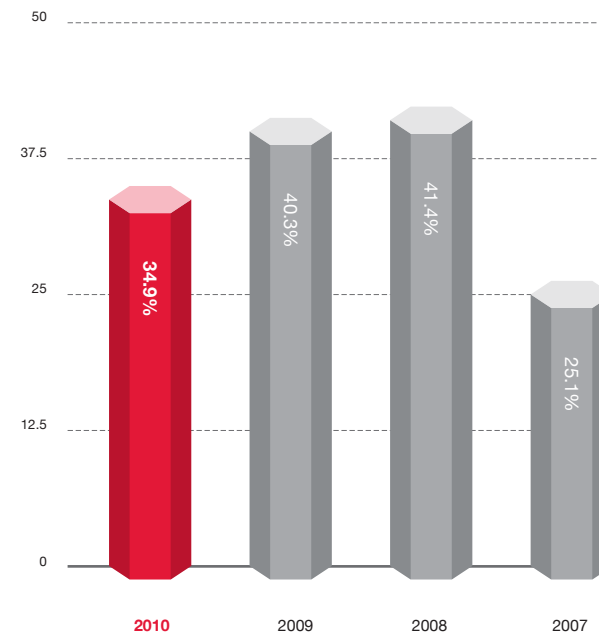
**REVENUE** (in billions of KRW)



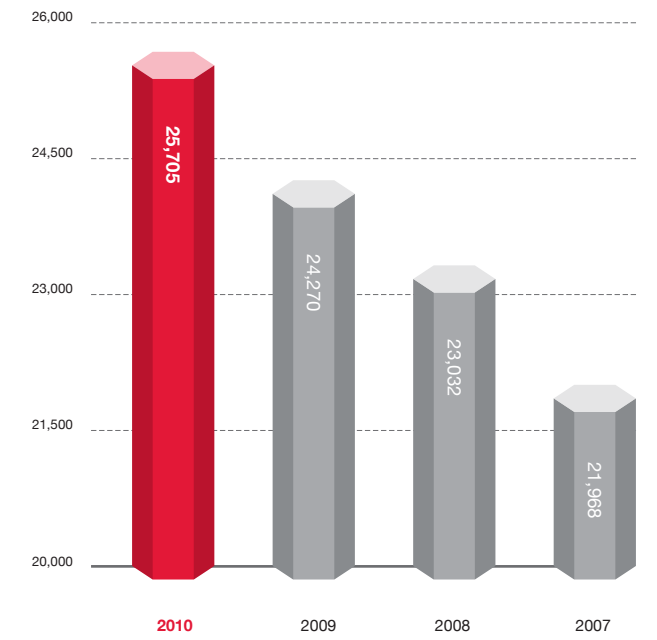
**EBITDA** (in billions of KRW)



**DEBT-TO-EQUITY RATIO** (%)



**SUBSCRIBERS** (in thousands)



## Letter to Shareholders

In 2010, Korea's ever-volatile information and communications technology (ICT) industry entered an era of hypercompetition as the smartphone segment experienced explosive growth and new competitors emerged in a variety of fields. As we solidified our reputation as the nation's leading operator in wireless Internet services as well as the **"smart leader"** in the fixed-mobile convergence race with our proactive response to this challenging environment, we also unveiled a clear, platform-centric growth strategy for the future. These efforts enabled us to surpass our 2009 revenue and net income performance, a remarkable feat given the tough competitive environment. We finished the year 2010 with **KRW 12.5 trillion** in revenue, **KRW 2.0 trillion** in operating income, and **KRW 1.4 trillion** in net income with **25.7 million** wireless subscribers.



**Sung Min Ha**  
President and CEO  
SK Telecom

## LETTER TO SHAREHOLDERS

As we look ahead to 2011, we will be leveraging our outstanding capabilities with maximum speed and effect as we sharpen our focus on improving profitability and identifying new ways to create growth opportunities. The following three strategies will guide us as we seek to achieve these two essential objectives in the coming years.

**FIRST, WE WILL SOLIDIFY OUR REPUTATION AS A FIXED-MOBILE CONVERGENCE LEADER THAT IS PIONEERING THE SMART AGE.**

We will strengthen our standing as a strong mobile network operator (MNO) that is transforming the competitive paradigm by diversifying and enhancing data-centric networks, developing compelling data products and services, securing a competitive smart device lineup, driving innovations in distribution, and building an unrivaled brand.

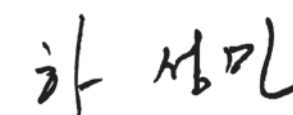
**SECOND, WE WILL BOLSTER CORE GROWTH BUSINESSES WITH THE POTENTIAL TO TRANSFORM THE FUTURE.**

We will generate concrete growth in our platform business by developing new technologies and services based on open platforms that will deliver new value to our customers. We will also realize the full growth potential of our B2B business by differentiating our product and service offerings, leveraging our reputation in the industry productivity enhancement (IPE) business, and identifying new business opportunities. At the same time, we will secure core technologies as we strengthen our R&D capabilities to support future growth businesses. We will also accelerate development of strategic partnerships along with products and services with global potential as we aim to take our platform and B2B success stories to the global marketplace, paving the way for even greater growth.

**THIRD, WE WILL CHANNEL OUR CORPORATE CULTURE OF CHANGE AND INNOVATION TO IMPROVE OUR STRATEGIC EXECUTION CAPABILITIES.**

As we strengthen our customer-centric mindset to capture the hearts of our customers—the ultimate focus of all change and innovation—we will also be putting in place a strong, workplace-centric competitive framework based on true two-way communication and a timely, efficient decision-making system.

Today, we are moving confidently forward to turn the challenges of the smart age into opportunities in 2011 and beyond. Each of us at SK Telecom is committed to maximizing customer and shareholder value by winning the fixed-mobile convergence race and driving future growth with a platform-focused business strategy. We invite you to join us as we help build the open platforms that will transform the way the world lives, works, and plays in the years ahead.



**Sung Min Ha**  
President and CEO  
SK Telecom

## BOARD OF DIRECTORS

## Board of Directors

01.

**Jae Won Chey**

- Chairman of the Board, SK Telecom
- Chairman of the Board, SK Networks
- Vice Chairman & CEO, SK Holdings
- Vice Chairman & CEO, SK Gas
- Vice Chairman & CEO, SK E&S
- Executive Vice President, Head of Corporate Center, SK Telecom
- Executive Vice President, Head of Strategic Support Division, SK Telecom
- Executive Director & General Manager, IMT2000 Business Committee, SK Telecom

02.

**Sung Min Ha**

- President & CEO, SK Telecom
- President, Mobile Network Operator Business, SK Telecom
- CFO, Head of Corporate Center, SK Telecom
- CFO, Head of Management Supporting Division, SK Telecom
- CFO, Head of Strategic Planning Office, SK Telecom

03.

**Jin Woo So**

- President, Platform Business & Co-CEO, SK Telecom
- President, Convergence & Internet Business, SK Telecom
- President, Global Management Service, SK Telecom
- President, Global Business, SK Telecom
- Executive Vice President, Head of New/Global Business Strategy Division, SK Telecom
- CEO, SK Communications

04.

**Jae Ho Cho**

- Professor of Finance, College of Business Administration, Seoul National University
- Chair, Sub-committee for Capital Market Development, Financial Services Commission
- Director, Kyung Hee Foundation
- Deputy Director, SNU Institute of Research in Finance and Economics
- Visiting Professor, Graduate School of Economics, University of Tokyo
- Managing Director, Seoul National University Foundation
- Assistant Professor of Finance, Baruch College, The City University of New York

05.

**Jay Young Chung**

- Honorary Professor, Sung Kyun Kwan University
- Professor, Graduate School of Business Administration, Sung Kyun Kwan University
- Chairman, The Korean-Japanese Economics & Management Association
- Chairman, The Korean Association of Trade and Industry Studies
- Chairman, Asia-Pacific Economics Association
- Vice President, Sung Kyun Kwan University
- Independent Non-Executive Director, Posco

06.

**Hyun Chin Lim**

- Dean, College of Social Sciences, Seoul National University
- President, Korean Association of Political Sociology
- Adjunct Professor, Asian Pacific Studies Institute, Duke University
- President, Korean Association of NGO Studies
- President, Korean Sociological Association

07.

**Dal Sup Shim**

- Senior Visiting Research Fellow, Institute for Global Economics
- Auditor, Korea Technology Investment Corp.
- Auditor, Korea Credit Guarantee Fund
- Counselor for Finance & Economy, Korean Embassy in United States
- Director General for Customs & Tariff, Ministry of Finance & Economy
- Audit Officer, Korea Customs Service

08.

**Rak Yong Uhm**

- Visiting Professor, Chung-Ang University
- Independent Non-Executive Director, Tong Yang Life Insurance Co., Ltd.
- Advisory Management Professor, Korea Banking Institute
- Visiting Professor, Graduate School of Public Administration, Seoul National University
- Non-Standing Director, KOTRA
- President, Korea Development Bank
- Vice Minister, Ministry of Finance and Economy
- Commissioner, Korea Customs Service

- Current Position
- Other Principal Directorship & Position
- Business Experience



## Corporate Governance

The Board has eight directors, five of whom are independent and from outside the company. Board members evaluate overall management activities and provide strategic guidance for future business development. To enhance a transparent and efficient decision-making system, SK Telecom has established five committees within the Board—the Audit Committee, the Independent Director Recommendation Committee, the CapEx Review Committee, the Compensation Committee and the Corporate Citizenship Committee.

### AUDIT COMMITTEE

This committee is responsible for appointing independent auditors, defining the scope of their services, and evaluating the independent auditors' reports. It also supports management in maximizing corporate value through checks and balances.

### INDEPENDENT DIRECTOR RECOMMENDATION COMMITTEE

This committee is mandated to provide a list of candidates for independent directors for consideration by the Board. It also helps to promote fairness and transparency in the nomination of the candidates.

### CAPEX REVIEW COMMITTEE

This committee is responsible for reviewing the capital expenditure budget and any major revisions. It is also required to periodically examine and monitor the execution of CapEx decisions that have already been made.

### COMPENSATION COMMITTEE

This committee oversees the overall compensation plan for top-level executives and directors. It is responsible for reviewing both the criteria and levels of their compensation packages.

### CORPORATE CITIZENSHIP COMMITTEE

This committee supports the Company's various corporate social responsibility (CSR) activities, including social welfare activities, ethics management, win-win partnerships with business partners, and environment-friendly management. It also helps to improve corporate capabilities for sustainable management.

SK Telecom has enthusiastically established a global standard of corporate governance, operating within a structure whose focal point is the Board of Directors. This enhances the transparent and sound management practices that maximize our shareholder and overall corporate value.

The Board of Directors plays a pivotal role in corporate governance. As of March 2011, the Board has eight directors, five of whom are independent and from outside the company. The Board operates five committees, including the Audit Committee, the Independent Director Recommendation Committee, the CapEx Review Committee, the Compensation Committee, and the Corporate Citizenship Committee.

In 2010, these committees met 18 times to discuss major corporate agendas. In terms of independence, our Board has a 63% ratio of independent directors, far above the average of comparable companies in Korea. We believe our efforts to increase transparency in management will enhance the objectivity and expertise of the Board, resulting in further improvements in corporate governance.

The Korea Corporate Governance Service (KCGS), a non-profit organization established under the joint sponsorship of the Korea Exchange and four other prominent securities-related organizations, awarded SK Telecom for excellence in corporate governance in 2010 for the sixth consecutive year. The comprehensive corporate governance evaluation criteria used by KCGS rates companies based on shareholder-oriented management, board of directors, fair disclosure, audit committee, and allocation of profits. KCGS awards continue to recognize our efforts to enhance corporate governance such as the strengthening of the board's role in management, increasing transparency in accounting and credibility in financial information, and introduction of an audit process to monitor insider trading.

## 2010 AT A GLANCE

## 2010 At a Glance

## JANUARY

**Mobile Internet master plan unveiled**

We outlined a master plan to spur demand for wireless Internet services that includes the adoption of a variety of mobile platforms focused on Android OS devices and overhauling rate plans, subscription processes, and billing to make it even easier for any Internet-enabled mobile device to access mobile content. We also announced our intention to build an open platform environment that will spur growth in the smartphone market and make it easier for customers to access and use content on all their devices.

## FEBRUARY

**Posco "Smart Factory" project launches**

We were selected by Korean steelmaker Posco to handle the fixed-mobile integration for the company's "work innovation" initiative to reduce logistics, facility, and energy costs as well as improve safety. The four-year project goes far beyond the smartphone-based mobile office concept. The goal of our Smart Factory solution is to facilitate communication between human, space, and environmental elements to bring greater efficiency to the workplace environment.

**"Ovjet" augmented reality service debuts**

We launched the free Ovjet augmented reality service for Android phones. The service allows users to conveniently search by matching any camera image with a database of over 1 million buildings and shops.

## MARCH

**T.um ICT experience center reopens**

We reopened the T.um ICT experience center at our downtown Seoul headquarters after a six-month renovation. Visitors to Korea's first smartphone-based ICT showcase are given special smartphones equipped with a USIM featuring ZigBee-based near field communication (NFC) technology that recognizes their location as they move through the center, delivering real-time content that enhances the showcase experience.

**T smart pay service debuts**

We launched the T smart pay next-generation mobile payment service through affiliate Hana SK Card, a joint venture with the Hana Financial Group launched in February 2010. The service is based on a "smart payment" concept that integrates the normally separate payment, membership, and coupon/discount services, enhancing convenience and savings for consumers, merchants, and card issuers alike.

**T academy developer training center opens**

We opened T academy to help upgrade the competitiveness of Korea's mobile app industry. Building on our decades of experience and expertise in the mobile field, our aim is to make T academy one of the global industry's premier software developer centers, training some 5,000 world-class mobile developers annually.

## APRIL

**Korea Exchange Bank "Smart Branch" MOU signed**

We signed a strategic business alliance with Korea Exchange Bank to improve business productivity through financial and communications convergence. The alliance will cover the building of Smart Branch locations, implementation of a mobile office solution, and collaboration on a smartphone banking service and "smart payment" service.

**Named "Best Converged Services" winner at Telecom Asia Awards**

We were Korea's sole telecom operator to be recognized at the 2010 Telecom Asia Awards, which honored winners in 11 categories voted from more than 100 fixed and mobile operators across Asia. Our groundbreaking launch of innovative convergence services encompassing a broad range of fields received high marks, earning us the "Best Converged Services" award.

**Korea Meteorological Administration mobile office deployed**

We completed the first phase of a fixed-mobile convergence (FMC)-based mobile office solution for the Korea Meteorological Administration. Our first project with a government agency to date, the solution is also the first to meet the Korean government's guidelines for VoIP and wireless network security.

## MAY

**Wireless subscribers surpass 25 million**

We welcomed our 25 millionth wireless customer on May 18, just over 26 years after we launched Korea's first car phone service in April 1984.

**First overseas IPE project launched in Indonesia**

We entered the Indonesian industry productivity enhancement (IPE) market by signing a joint venture agreement with the nation's largest fixed-mobile operator Telkom to build the Digital Content Exchange Hub (DCEH) as well as an MOU to cooperate in the IPE business.

**Joint venture founded to lead Jinma Smart City project in China**

We partnered with China Railway No. 2 Engineering Group, China's largest construction firm, to establish a joint venture called SK China Railway Engineering Group to build and manage the Jinma Smart City project in Cheungdu, Sichuan.

**T smart wallet membership manager service debuts**

We launched T smart wallet, a service that enables customers to manage their loyalty card membership points as well as receive and use mobile coupons and gift certificates through their handsets.

## JUNE

**T bizpoint business support platform debuts**

We launched a new family of services to help small and medium businesses improve productivity and management efficiency by connecting them to both human and business networks, facilitating content and information sharing between management and employees, and enabling them to identify and collaborate on business opportunities.

**T cash service wins "Most Innovative Application of the Year"**

Our USIM-based T cash pre-paid card service was honored with the "Most Innovative Application of the Year" award at the 2010 Frost & Sullivan Asia Pacific ICT Awards held in Singapore. The first service to jump-start the Korean mobile payment marketplace, T cash can be used to pay transportation fares as well as purchase goods both online and offline from a growing number of merchants.

**Industry-first USIM-based RFID reader technology unveiled**

We have completed development of the world's first 900MHz RFID reader technology for USIM cards. Developed as part of Korea's Ministry of Knowledge Economy's Mobile RFID Smart Project, the technology consists of the reader itself and a host USIM card.

**Malaysian WiMAX investment agreement signed**

We agreed to purchase a USD 100 million equity stake in Malaysia's No. 1 WiMAX operator Packet One. The deal makes us the second largest shareholder with roughly 25.8% of total holdings and gives us two seats on the seven-member board.

## JULY

**Hybrid positioning system service debuts**

We launched commercial service of new hybrid positioning system (HPS) that combines Wi-Fi, GPS, and base-station location information to dramatically improve the usefulness of location-based services such as friend finder and child-safety services.

**Open Innovation Center opens**

We joined forces with Samsung Electronics to spur growth in the Korean mobile Internet content marketplace, investing KRW 25 billion each to establish the Open Innovation Center (OIC). The OIC is designed to be an incubator that enables Korean developers to bring their ideas to market with comprehensive business support.

**Fixed-mobile communication "big bang" strategy announced**

We launched several revolutionary fixed-mobile services by offering unlimited data plans and upgrading our 3G network to support them, expanding our open Wi-Fi zone hotspot network, accelerating the rollout of LTE service, and launching service bundles that offer free fixed-line services depending on the number of family wireless subscribers.

## AUGUST

**"Data Highway" initiative announced**

We announced the "Data Highway" initiative to build a comprehensive network solution capable of robustly handling growing data traffic. The initiative will include the addition of two WCDMA frequency allocations to our existing four, adoption of a data-only frequency allocation technology, accelerated rollout of LTE service, upgrades from 3- to 6-sector solutions for base stations, and build out of data femtocells and Wi-Fi networks.

**Mobile office deployments pass 500 mark**

We surpassed the 500 location mark for our mobile office solutions. Our ability to supply unique solutions that encompass mobile devices, networks, security, and fixed-mobile integration has helped us win orders from top Korean businesses such as Samsung Electronics and Posco.

## SEPTEMBER

**Samsung Medical Center Connected Healthcare MOU signed**

We signed an MOU with Samsung Medical Center in Seoul to deploy a fixed-mobile convergence solution that will support mobile office services as well as the mobile Samsung Medical Information System (mSMIS), which will be upgraded to the Android platform to make it easier for medical staff to access patient records, drug information, and other data. We also signed a similar agreement with Korea University Medical Center in August.

**T store app store marks first anniversary**

Just one year after it launched, T store has created a thriving mobile app ecosystem. Groundbreaking policies focused on open innovation such as free developer training through T academy and open access for customers from rival operators have made it Korea's favorite app marketplace. We plan to expand T store beyond its current focus on smartphone apps to become a one-stop mobile content delivery platform for the full spectrum of connected devices.

**"TB Family Free" bundles debut**

We launched the groundbreaking TB Family Free bundles, which provide increasing discounts on SK Broadband fixed-line products such as phone and broadband services based on the total number of wireless subscribers in a family.

## OCTOBER

**"Global platform player" strategy announced**

We announced our intention to make platforms our core business. We believe that openness is the key to creating the thriving ecosystem that is essential to the success of our platforms. Toward this end, we plan to open up the APIs for leading services such as T map, T store, and text messaging to position them as global platforms.

## NOVEMBER

**"Smart Learning" business gains momentum**

We are leveraging today's smart devices to roll out our next-generation Smart Learning services. To date, we have partnered with Chungdahm Learning, YearRimDang Publishing, and Daesung Institute to secure a broad range of educational content as part of our strategy to build a one-stop educational content platform.

**T store goes global with Lenovo**

We took the first step toward becoming a global platform player with the launch of T store service in China. We signed an MOU with Chinese IT equipment maker Lenovo to pre-load the T store app on all Lenovo smartphone models.

**Smartphone subscribers surpass 3 million**

Our multi-pronged efforts to spur growth in the mobile Internet marketplace enabled us to achieve our 2010 goal of 3 million smartphone subscribers ahead of schedule on November 10. These efforts included active support for app developers to build a thriving ecosystem, an extensive smartphone lineup, and groundbreaking service innovations such as unlimited data plans.

**"Smart CEO" service launched with Duzon Bizon**

We teamed up with Duzon Bizon to launch our Smart CEO service, the first B2B service tailored for use with a Samsung Galaxy Tab tablet PC. The Smart CEO solution seamlessly integrates with existing ERP systems to provide top management with instant access to key business activity and decision-making information that will improve the bottom line.

## DECEMBER

**"Mobile in vehicle" service debuts in China**

We rolled out our breakthrough smartphone-based mobile in vehicle (MIV) mobile telematics service in Shenzhen, China under the E-MIV brand through subsidiary Shenzhen E-eye High Tech. We originally debuted our MIV service in February 2010 at the Mobile World Congress in Barcelona, Spain.

**Open API strategy announced**

We became the world's first mobile operator to open its service APIs by announcing an open API strategy to progressively make available the APIs for all major services to third-party developers to spur development of the services that will ultimately become tomorrow's global platforms.

**Received top Enterprise Collaboration Award at Win-Win Fair 2010**

We were honored with the top President's award at Korea's annual Enterprise Collaboration Awards for our ongoing contributions to win-win management at the Win-Win Fair 2010 hosted by Korea's Ministry of Knowledge Economy and Small & Medium Business Administration.

**First overseas platform debuts in Indonesia**

PT MeOn Indonesia, our joint-venture with Indonesia's largest fixed-mobile operator Telkom, launched its namesake music download and streaming service. The launch of MeOn Indonesia and the DCEH service are just the beginning of our aggressive advance into content distribution markets across Southeast Asia.

**"Health in My Hand" Connected Healthcare service debuts**

We partnered with the Gangnam Center of the Seoul National University Healthcare System to create the "Health in My Hand" service based on a smartphone app that integrates with hospital electronic medical record systems to allow patients to easily access the results of their health exams and healthcare providers to follow up with personalized ongoing care to improve outcomes.

**T store downloads surpass 100 million**

Our T store app store surpassed the 100 millionth download milestone just 15 months after opening for business. Today, it averages over a million downloads and KRW 100 million in sales a day, making it Korea's most successful local app marketplace to date with a solid foundation to pursue opportunities as a global platform.

# Our Platforms



Categorizing platforms by their present scope is a largely academic exercise because they continue to grow and evolve over time, often merging to create entirely new ones. At SK Telecom, we are in the business of building platforms for a broad range of fields spanning content delivery, location-based services, messaging, social network services, commerce, advertising, and media. Let's take a closer look at what these platforms can do and where they're headed.



## Content Delivery

At SK Telecom, we have already built a sizable marketplace with our innovative ecosystem for planning, developing, and distributing digital content for smartphones. Surpassing 100 million downloads as of the end of 2010, our T store app store has secured its place as Korea's No. 1 smartphone content delivery platform. Our aim is to expand T store into a comprehensive content delivery platform serving the full spectrum of connected devices, including tablet PCs and smart TVs. Toward this end, we continue to secure quality apps and content by forging alliances with existing content owners, expand our content lineup to include eBooks, comics, and music, and innovate to enable users to access and enjoy purchased content on all their devices.

As we take the T store ecosystem global, we expect it to quickly win over customers in Asian markets where Korean pop culture is popular such as Japan and greater China. After launching in China in partnership with Lenovo in 2010, we are now in negotiations with a number of mobile operators and phone manufacturers across the region to support the T store platform and apps. We are also working to bring our MelOn online music service and 3D Magic Book augmented reality textbooks to the global marketplace.

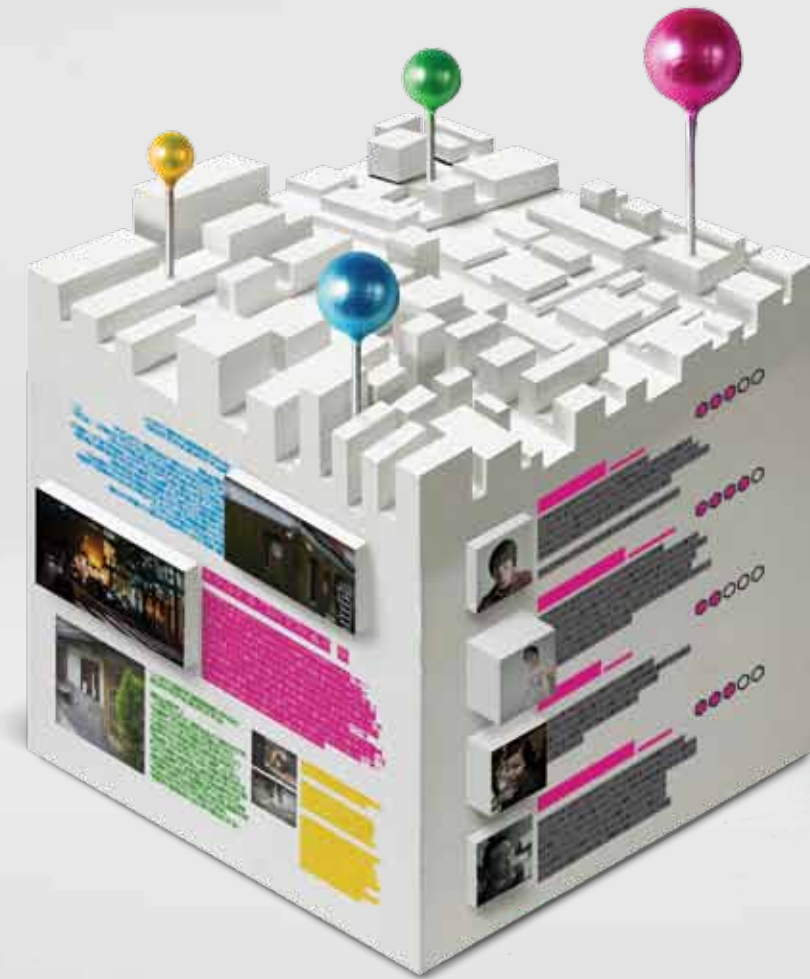




## Location-Based Services

At SK Telecom, we are developing our T map service into Korea's premier location-based service (LBS) platform. Acclaimed for its unique features that include ultra-accurate hybrid positioning technology and traffic-enabled fastest-route selection, T map is now on a development roadmap that will take it to new devices and global markets in the coming years. When all feature APIs are complete, T map will provide access to over 1 million points-of-interest and real-time traffic information for Korea's six major metropolitan areas and regional highways nationwide.

LBS technology has the potential to create new value in a broad range of fields. Common applications include enterprise solutions for delivery services, chauffeur services, and logistics; life and leisure solutions such as broadcasting, tourist information, golf, and hiking; and entertainment solutions such as games and music. We aim to make T map an even more compelling platform going forward by delivering services tailored for a full range of devices, including smartphones, tablet PCs, car navigation systems, and smart TVs.



## Messaging + Social Networking

At SK Telecom, we are bringing together Korea's No. 1 instant messaging service NateOn and its No. 1 SMS and MMS messaging services to create an integrated communications tool that enables people to connect with anyone, anytime, anywhere, delivering a level of convenience that other operators cannot match. We have also opened up our messaging API to allow third-party services to connect with our class-leading SMS and MMS services. We are now working with a number of developers to accelerate innovation in the home networking field that will allow these mobile-to-mobile-only services to remotely control Wi-Fi-enabled smart TVs, refrigerators, washing machines, surveillance cameras, and other devices.

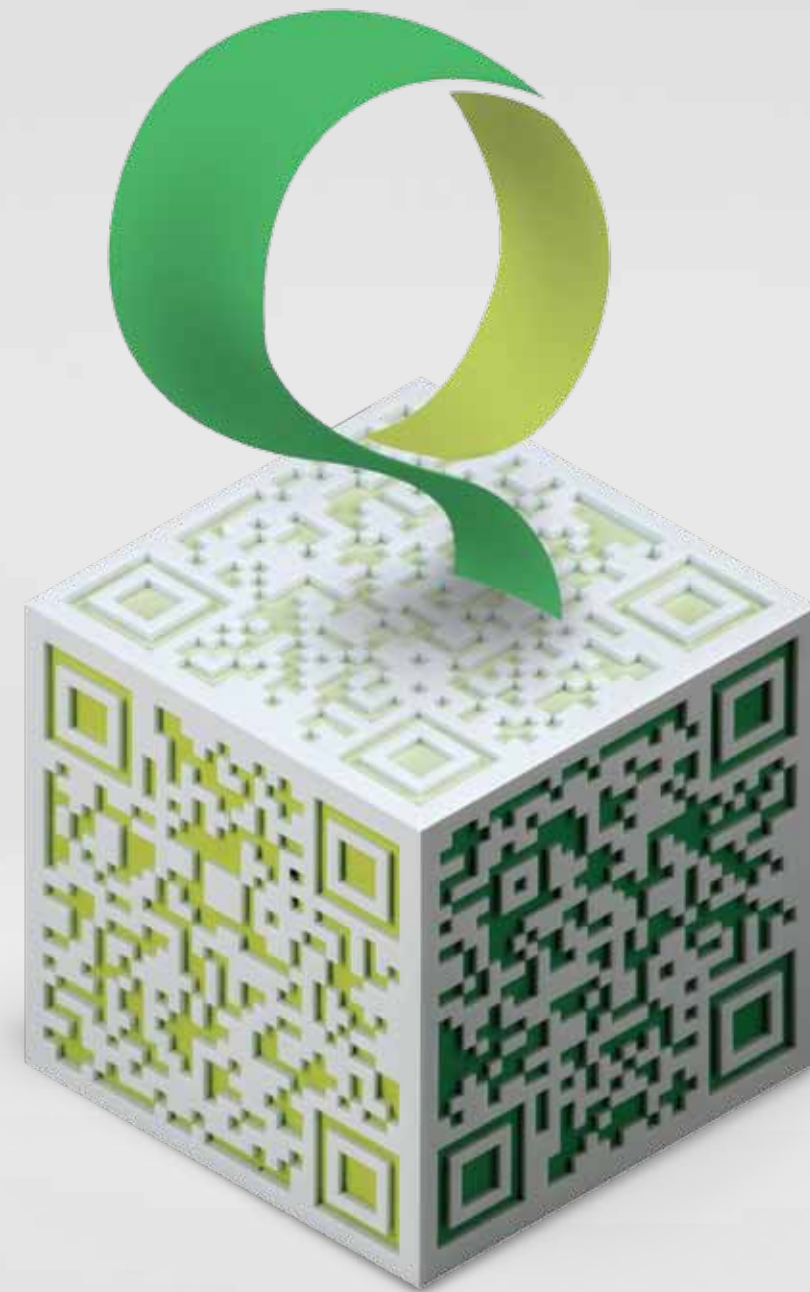
Social network services (SNS) are another area we are opening up in collaboration with SK Communications, allowing third-party developers to create services and content for NateOn and Cyworld members. To date, we have opened up APIs for Cyworld—Korea's most popular SNS site—covering billing and other infrastructure, friend, and diary features. We are the first domestic SNS operator to collaborate with a third-party developer to launch a social app store service, attracting over 5,800 developers through the end of 2010. We are also working to allow sharing of outside content inside Cyworld through services like the Cyworld sharing plug-in. Looking forward, we will continue to open up core APIs, working with commerce, content, communications, community, and advertising developers to make NateOn and Cyworld even more powerful platforms.



## Commerce + Advertising

At SK Telecom, we now are in the process of creating an integrated commerce platform that brings together commerce, advertising, and database management (DBM) as we aim to take an early lead in this emerging market. In February 2011, we opened Q store, a revolutionary cashierless shop that leverages our 11 Street online marketplace and near field communication (NFC) and QR code technology to create a new retail platform paradigm that integrates online, mobile, and offline commerce. This will set the stage for us to introduce new online-to-offline and offline-to-online business models, positioning us as a leading innovator in the field of commerce.

One of the reasons mobile advertising has great potential is that it enables the delivery of targeted advertising through personal media. Leveraging our unique advantages in terms of customer touchpoints and network and device technology, we aim to deliver high-quality advertising targeted to the interests and location of our customers. Our top priority for 2011 is to bring in-app advertising to our T store content delivery platform as part of our strategy to position ourselves as Korea's top mobile advertising platform provider. We plan to open up our platform, providing small and medium developers and wireless Internet service providers with a robust advertising revenue model as we make win-win collaboration a priority. We are currently evaluating or moving forward with a variety of mobile advertising models based on time, location, and context, SNS, and region-based mobile search as we continue to secure new advertising technologies and build the infrastructure to support them.




## Media

At SK Telecom, we aim to become Korea's media channel of choice as we work to build open platforms in the personal media space.

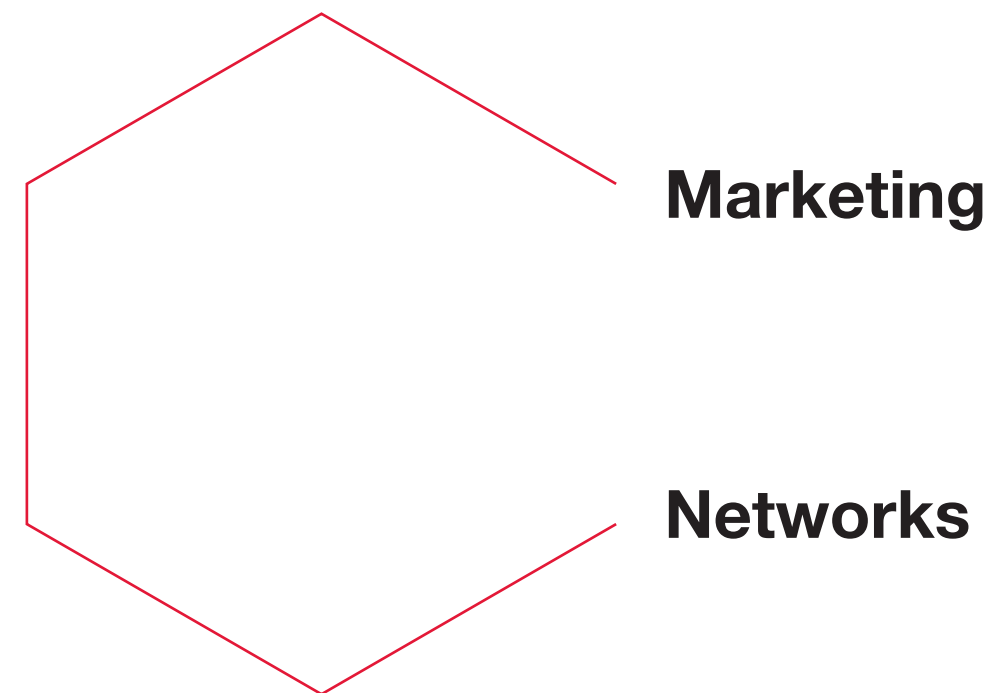
In January 2011, we launched an "n-screen" cloud-based media-delivery service under the Hoppin name. Hoppin allows subscribers to watch TV programs, movies, music videos, and other content on their smartphone, PC, or TV without having to worry about downloads or moving content between devices. We also aspire to become a global player in the emerging smart TV field, moving forward with our TV portal business by creating a strong ecosystem based on a powerful set-top box running an advanced UI that will seamlessly deliver unique content and interactive experiences to living rooms across Korea and beyond.



# Business Overview



At SK Telecom, we realize that leadership tomorrow depends on innovation today. We're investing to enhance the quality and capacity of our networks as smartphones and other Internet-enabled mobile devices transform the marketplace. We're bringing new productivity solutions to the B2B marketplace as we leverage our industry-leading ICT capabilities to help businesses become more efficient and profitable. And we're creating and opening up the platforms that will drive the next wave of innovation as we partner with our subsidiaries to make the future of fixed-mobile convergence as synergistic and seamless as possible.



**Marketing**

**Networks**

## Marketing

The year 2010 brought explosive growth in the smartphone market as well as intense competition on a number of fronts as we leveraged our fundamental competitiveness in devices and networks to bolster our leadership in the fixed-mobile convergence marketplace. In 2010, our mobile network leadership enabled us to launch the Korean industry's first unlimited data plans. Our subscriber base rose to 25.7 million, representing a market share of 50.6%. On the financial side, we generated record revenue of KRW 12.46 trillion—KRW 3.01 trillion of which came from wireless Internet services—and an operating profit of KRW 2.03 trillion. Our ongoing focus on customer-centric service once again earned us top honors on both the National Customer Satisfaction Index (NCSI) and Korean Customer Satisfaction Index (KCSI) for the 13th consecutive year.

### LEADING THE SMARTPHONE MARKET

At 2010 year-end, we had 3.91 million smartphone subscribers. The combination of a growing subscriber base and increasing wireless Internet traffic significantly boosted sales growth for the year. We continued to break new ground with compelling rate plans, including the industry's first unlimited data plans, as we dominated the smartphone segment by launching a total of 21 models.

### SHARPENING COMPETITIVENESS WITH CONVERGENCE

In the fixed-mobile convergence marketplace, we successfully launched our fixed-line resale business with SK Broadband and leveraged our mobile services to launch new fixed-mobile bundle products. One of these was the TB Family Free bundles, which offer free phone service for households with two combined mobile subscriptions, free broadband with three subscriptions, and free phone and broadband with four subscriptions. We expect these innovative plans to differentiate us from the competition and improve wireless subscriber retention, ultimately increasing long-term profitability.

### DELIVERING A SUPERIOR EXPERIENCE

We have expanded the customer experience management (CEM) paradigm across our organization since 2008 as we have focused on targeted marketing to reach new customers. In 2010, we opened our first T flagship store in downtown Seoul as well as the online T smart shop as we continued to break new ground in retail convergence.

### BUILDING TOMORROW'S SMART NETWORKS

Today, our aim is to duplicate in the fixed-mobile convergence marketplace the success we have had in the wireless telecommunications marketplace. Toward this end, we are upgrading our core fixed-mobile competitiveness, launching compelling industry-first bundled service packages, and delivering exceptional customer service.

In 2011, we will be leveraging our multi-network strategy to sharpen our marketing competitiveness with a focus on data. We will be offering a variety of innovative data plans, new services such as "n-screen"—a cloud-based VOD service that delivers content to any device, anytime, anywhere—and a competitive lineup of new "smart" devices including smartphones and tablet PCs as we seize the marketing initiative in the burgeoning "smart age".

The Korean telecommunications market is bracing for a "data big bang" in 2011 as smart devices go mass market. Our focus will be on upgrading our product delivery systems encompassing branding, devices, and distribution channels to ensure a successful launch of our new product and service lineups as we sharpen our convergence product and service marketing capabilities to lay the foundation for long-term growth.

## Networks

Despite the rapidly changing network environment characterized by the mainstreaming of smartphones and rapid rise in wireless data traffic, our outstanding network quality and competitiveness enabled us to solidly maintain market leadership in Korea in 2010. Building on this momentum, we intend to seize the technology initiative in 2011 by launching Korea's first LTE network, securing our leadership in the wireless data market as we establish ourselves as Korea's undisputed No. 1 fixed-mobile operator.

### MEETING THE DATA CHALLENGE

In 2010, the competition paradigm transitioned from voice quality to data capacity as smartphone usage grew rapidly. Our confidence in our network management capabilities enabled us to offer the Korean industry's first unlimited data plans. The data highway we have built in recent years is enabling us to seamlessly adapt to the changing wireless data business environment. We are now in the process of upgrading our WCDMA capacity with additional frequency spectrum in Seoul and 12 other cities in the capital region. We also moved forward with a number of strategies to increase our data traffic handling capacity, including data-only frequency allocation, 6-sector base station solutions to double capacity, data femtocell solutions to offload traffic from the base station network, and Wi-Fi zone coverage expansion.

### DELIVERING SATISFYING SERVICE

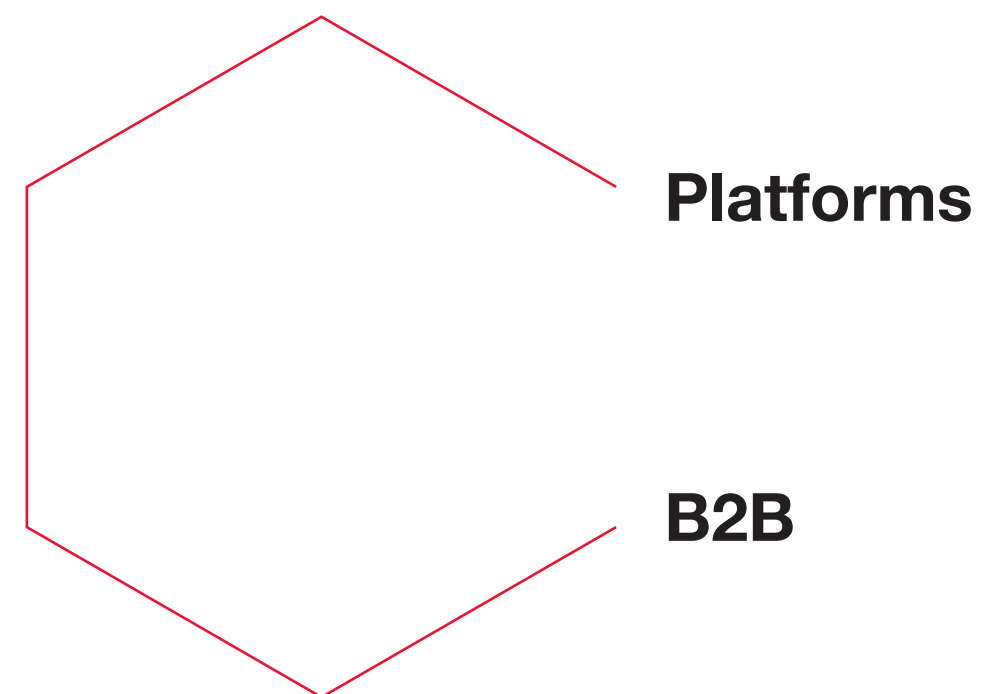
We are committed to delivering the highest possible level of service to our customers. We continued to enhance the customer experience in 2010 by achieving an outstanding 100% service uptime record and adopting remote diagnostic services for our smartphone users. These and other efforts enabled us to maintain our industry leading satisfaction ranking as we marked our 13th straight year at the top of both the National Customer Satisfaction Index (NCSI) and Korean Customer Satisfaction Index (KCSI).

### GLOBALIZING FOR GROWTH

Another way we are delivering growth is by sharing our technical expertise with other operators around the globe as we adopt international best practices to improve our long-term competitiveness. We are currently providing network consulting services to Packet One of Malaysia and Reliance Communications of India as they roll out their next-generation wireless networks. We have also cut costs and improved network quality by transferring base station maintenance and repairs to an operating subsidiary and building out our own core optical network.

### BUILDING NETWORKS FOR FIXED-MOBILE LEADERSHIP

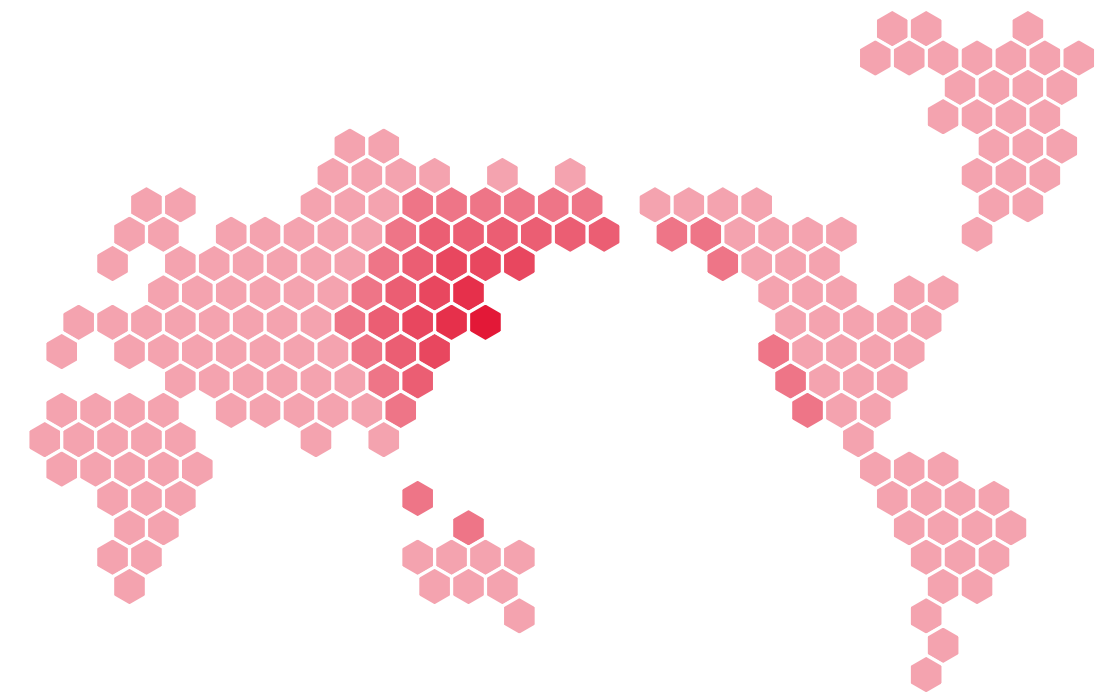
Today's data highway is fast, but new network technologies are needed to support the next generation of bandwidth-hungry mobile services. In 2011, we plan to launch Korea's first commercial LTE network, build an optimal data-centric network portfolio, and upgrade the competitiveness of our fixed-line network as we take the next step toward becoming Korea's undisputed No. 1 fixed-mobile operator. By developing and deploying the network infrastructure that will enable future advances in personal and business productivity, we are setting the stage for even greater growth in the coming years.





# Platforms

Today's wireless telecommunications landscape is characterized by intense competition in the fixed-mobile convergence marketplace and a rapid shift in power to the platform business. In 2010, we made becoming a global platform player a key goal in our quest to secure future growth opportunities and a competitive advantage. In 2011, we plan to identify and promote a broad range of platforms to move us steadily closer to this objective.



## FOSTERING INNOVATIVE PLATFORMS

Our T store application marketplace has firmly positioned itself as Korea's first-mover content delivery platform since its September 2009 launch. As of December 2010, T store has attracted over 21,000 developers and 4.9 million customers, delivering more than 100 million cumulative downloads while generating daily transaction volumes of over KRW 100 million.

Our T map phone-based navigation service—Korea's No. 1 location-based service platform—now has over 2 million users. In August 2010, we rolled out the 7-inch T map Navi portable navigation device, followed by our upgraded T map 2.0 service in September. We also launched the SimpleSync app, which makes it easy to share content between devices, and 3D Magic Book series, which combines children's textbooks and software to create an augmented reality 3D edutainment experience.

## BRINGING INNOVATION TO MARKET FASTER

We are continually innovating to rapidly deliver the products and services consumers and markets want as smartphones become commonplace and innovative third-party services enter the market. In July 2010, we established the Product Development Factory (PDF) to rapidly secure these products and services and supervise the seeding of new platforms.

## STRENGTHENING OPEN COLLABORATION

We opened the Open Innovation Center (OIC) in October 2010, a one-stop business incubator encompassing training and technical support as well as startup, management, and financial assistance. The OIC is also the new home of our T academy developer training program and Mobile Device Test Center (MDTC). Launched in March 2010, T academy graduated 3,300 developers during the year. The MDTC has served more than 12,000 developers since it opened in July 2009. We also launched the T API Center in December 2010 as we began opening up our core service application programming interfaces (APIs) to outside developers, laying the foundation for new value-generating mashup services.

## DELIVERING APPS TO THE LIVING ROOM

We are moving forward with our TV portal business to expand our subscriber base with compelling content delivered via a next-generation user interface and set-top box. Our goal is to create an open ecosystem that attracts content and device developers as we pursue new opportunities in global markets.

## PERSONALIZING THE MEDIA EXPERIENCE

Our goal is to create a personalized "n-screen" or "numerous screen" cloud-based platform that will enable individual users to access any service anytime, anywhere optimized for whatever device or network they may be using. Once again, we aim to build and expand an organic ecosystem built on an open platform that supports a broad spectrum of content and service providers.

## INTEGRATING THE BUSINESS OF COMMERCE

We aim to transform the e-commerce marketplace by building a next-generation integrated platform that seamlessly supports commerce, advertising, and database management (DBM). In February 2011, we opened Q store, Korea's first cashierless retail platform that blends elements of online, mobile, and offline commerce to enable customers to browse and purchase merchandise by using the near field communication (NFC) or QR code capabilities of their smartphones.

In other areas, we plan to launch an in-app mobile advertising service in March 2011. We also plan to increase collaboration with SK Communications to maximize synergy, combining our fixed and mobile Internet capabilities to develop unique services.

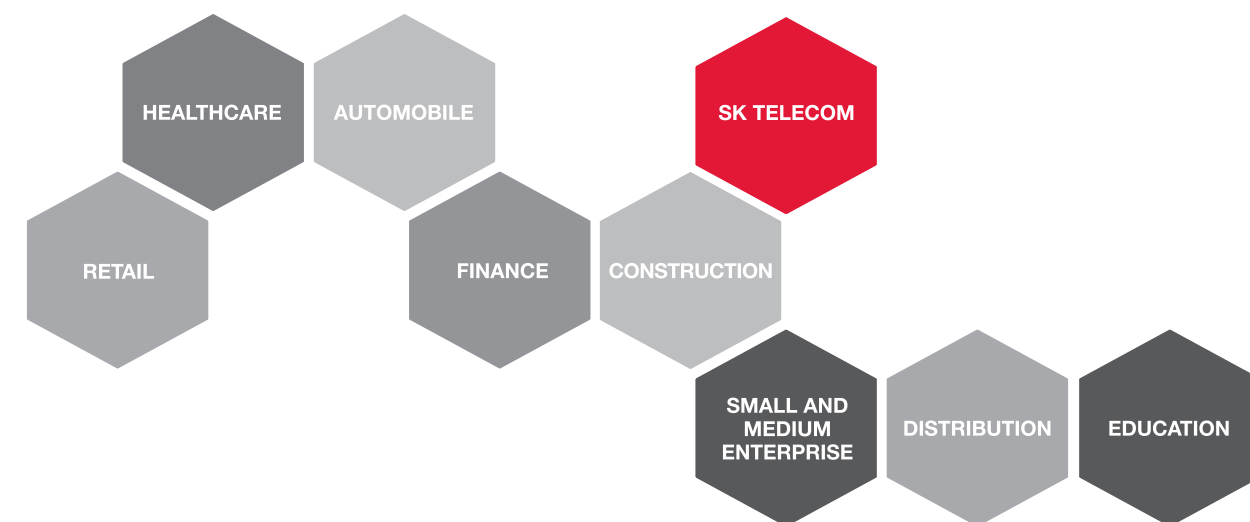
## COOPERATING FOR GROWTH

The Korea Wholesale Applications Community (KWAC) is a consortium of Korea's three mobile operators that aims to build a sound ecosystem for developers, network operators, and consumers to foster growth and innovation in the local mobile marketplace. As the first KWAC chair, we are making every effort to ensure the platform has a successful commercial launch in May 2011.

The coming year will also see our collaboration with overseas partners accelerate. Following up on the 2010 launch of our T store app store in China in partnership with IT equipment maker Lenovo, we will be joining forces to do the same in Taiwan with mobile device supplier East Power as we take the next step in rolling out this online content delivery platform across Asia and beyond.

## B2B

While the consumer side of the fixed-mobile convergence marketplace saw tough competition as smartphone subscriptions boomed in 2010, our IPE and Enterprise business divisions seized the initiative in the B2B marketplace. This solidified our leadership position in wireless telecommunications as it spurred fixed-mobile synergy, paving the way for future growth. As demand for mobile office solutions grew during the year, we launched a variety of new information and communications technology (ICT)-based business solutions targeting the B2B marketplace. Our IPE business also delivered encouraging results in the fields of education, healthcare, distribution, and auto manufacturing that bode well for future growth.



### PARTNERING FOR PRODUCTIVITY

In 2010, we built collaborative relationships with key players in various industry sectors such as Chungdahm Learning in education, Duzon Bizon in small and medium business management, and Korea Exchange Bank in finance, resulting in the development of a number of IPE services based on our smart ICT capabilities that lay the groundwork for both us and our customers to grow.

We also actively pursued new business opportunities in overseas markets such as China and Indonesia. In the latter, we partnered with Telkom, Indonesia's largest fixed-mobile operator, to create the joint-venture Digital Content Exchange Hub (DCEH), a platform that will deliver music, videos, games, and other content to consumers, online stores, and fixed-mobile operators. We believe this first overseas IPE project will be a stepping stone to other international projects in the near future.

### DELIVERING PROFITABLE SOLUTIONS

As a mobile-centric B2B service provider, the growing adoption of smartphones and focus on improving enterprise productivity has given us the opportunity to expand our capabilities and revenue base by delivering a comprehensive lineup of specialized solutions for private and public sector workplaces of all sizes. As of the end of 2010, we had delivered mobile office solutions to more than 600 Korean businesses. In May, we launched our Smart Office mobile groupware solution, followed by our Smart CEO mobile management information solution in December as we continued to leverage our connectivity resources and capabilities to develop and deliver compelling enterprise solutions.

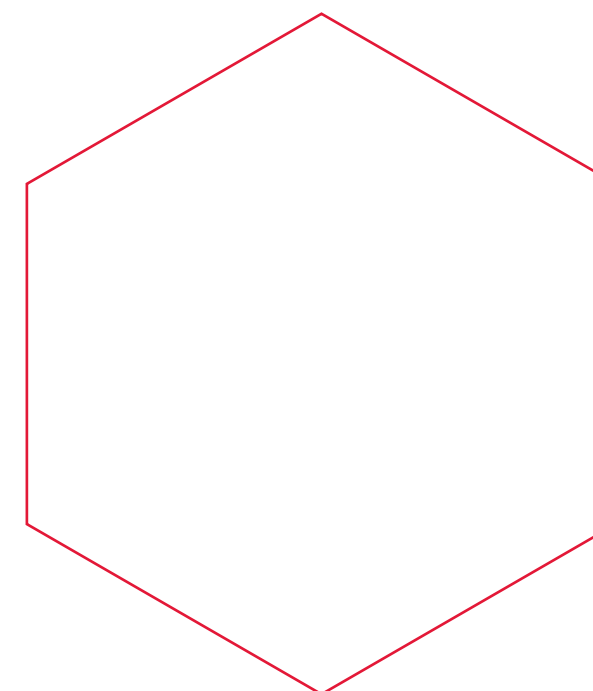
During the year, we implemented a mobile office solution for the Korea Meteorological Administration, the first contract of its kind with a government agency in Korea, as well as a mobile subscription system for Mirae Asset Life Insurance. We also listened to the needs of the small and medium business market, launching the T bizpoint business support solution and strategically partnering with Google to offer the Google Apps-based Officepack solution. We are now working with Korean steelmaker Posco to implement our first Smart Factory solution, integrating a broad range of ICT solutions ranging from machine-to-machine communication, location-based services, and mobile office services to vehicle access control and virtual fence security.

### AIMING WIDER AND HIGHER

In 2011, we aim to once again break new ground in the B2B marketplace as our IPE solutions gain traction in major industries and we collaborate with businesses of all kinds at home and abroad to help them create their own productivity success stories. We will be launching commercial IPE services for a number of leading players in key industries such as education, finance, distribution, auto manufacturing, and healthcare. At the same time, we will be evaluating potential opportunities in other industries such as security, construction, heavy manufacturing, agriculture, fisheries, and livestock farming. We are targeting B2B revenue of KRW 1.2 trillion in 2011 as we aggressively pursue opportunities in the IPE and wider enterprise marketplaces. We will also work to build our global presence in healthcare, auto manufacturing, and other fields by partnering with major mobile operators worldwide.

### TAKING THE LEAD IN B2B

As businesses of all sizes increasingly embrace mobile office solutions, we will strengthen our leadership in the B2B marketplace by systematically identifying and delivering industry-specific IPE solutions for large enterprises as well as actively promoting platform-based ICT services such as T cloud biz cloud-computing solutions and Geovision geographic solutions for small and medium businesses. By leveraging our "smart" ICT capabilities, we will maximize synergy and pursue quality, solution-centric growth to build mind and market share in the coming year.



## Subsidiaries

# Subsidiaries

## SK BROADBAND

skbroadband.com

SK Broadband is strategically expanding collaboration with SK Telecom to deliver innovative customer-centric services and value that will produce even greater synergy and propel the SK brand to the forefront of Korea's fixed-mobile convergence marketplace.

### DELIVERING SUPERIOR SATISFACTION

SK Broadband is identifying and delivering unique customer experiences that cover the entire customer relationship lifecycle from service subscription to cancellation. By enhancing its proactive customer complaint handling system and dramatically improving customer touchpoint interactions and customer communications, the company aims to be a leader in delivering customer value in Korea's fixed-mobile convergence marketplace.

### BUNDLING SUPERIOR VALUE

SK Broadband provides broadband Internet services via fiber optic, coaxial cable, and hybrid fiber-coaxial networks at variety of speeds and price points. In addition to affordable "Smart" broadband plans, the company offers a variety of competitively priced packages such as "B set" featuring Internet, VoIP, and IPTV services as well as attractive packages for SK Telecom wireless subscribers that offer exceptional discounts. The TB Family Free plan is a prime example, offering various combinations of free phone and broadband services based on the number of family members with mobile subscriptions added to the plan. The company's "B tv" IPTV service also surpassed 950,000 subscribers in just its second year, offering a variety of service plans as well as the "B store" TV app store, driving revenue growth in this fast-growing new area.

### CONNECTING BUSINESSES WITH SUCCESS

SK Broadband's growing fixed-mobile value proposition is laying the foundation for solid growth by empowering businesses to be more productive and profitable. Backed by a "smart growth" strategy that emphasizes achieving market leadership, the company continued to expand its reach in a growing range of sectors in 2010, including finance, public, manufacturing, and education. In addition to winning business from major organizations such as the Dongbu Group, Shinhan Bank, and National Agricultural Cooperative Federation, the company signed fixed-mobile convergence (FMC) deals with Gwangju National University of Education—a first for a public university—as well as Gangnam District Office and Dongseo University. The company's long-term goal is to be a leader in ICT-based fixed-mobile convergence by delivering custom solutions for each industry.

## SK COMMUNICATIONS

skcommunications.com

Established in 2002 as an online services portal, SK Communications manages a diverse portfolio of online entertainment, information, and social network services, including Nate.com, Cyworld, and NateOn.

### NAVIGATING THE ONLINE WORLD

In 2010, SK Communications upgraded the search and portal capabilities of its Nate fixed-mobile Internet portal site with semantic search capabilities, significantly boosting search traffic. The company also launched the m.Nate mobile portal as well as the Nate app, a smartphone app that provides easy access to all Nate services, as it continued to grow its mobile service portfolio. Cyworld, Korea's premier social network service, finished 2010 with 25.4 million members. Cyworld added the "Fan" relationship category in April and launched the new value-added SNS platform @Log in September. NateOn, Korea's leading instant messaging service since 2005, launched the NateOn UC app for smartphones to deliver a "unified communicator" service that brings together all messaging options into a single interface to make it even easier to stay in touch.

### SHAPING THE MOBILE EXPERIENCE

In 2011, SK Communications will continue to pioneer the delivery of communication services to new devices in both fixed and wireless environments. The company will enhance Cyworld and NateOn service innovations introduced in 2010 as it rolls out these and other advanced services in the global marketplace. Innovations in the search field, the most fundamental aspect of portal competitiveness, will also continue to be a focus as the company strategically brings to market the search technologies that will enable its flagship SNS to grow and increasingly contribute to profitability.

## SK TELINK

sktelink.com

Founded in 1998, SK Telink provides a unique and growing portfolio of consumer and business services that includes international direct dialing service, VoIP telephony, corporate telephony, local value-added telephony, and satellite DMB services.

### CONNECTING WITH VALUE

SK Telink is a leading player in the international direct dialing service market with quality service at affordable prices, ranking No. 1 in its category on Korea's National Customer Satisfaction Index (NCSI) survey for five straight years since 2006. The company has also earned a reputation for delivering state-of-the-art integrated telecommunications services to major financial institutions, public agencies, and businesses of all sizes since entering the enterprise space with corporate VoIP and 1599 national prefix services in 2005.

In 2010, SK Telink acquired TU Media, operator of the world's first commercial satellite-based mobile TV (S-DMB) service. TU broadcasts 22 video and 16 audio channels of quality entertainment, education, and news programming as well as one data channel to a growing range of devices that includes mobile phones and vehicle navigation systems.

In the coming years, the company aims to leverage its expertise in international telephony, VoIP telephony, and satellite broadcasting to deliver the next generation of breakthrough broadcasting and communications convergence services and solutions to both the consumer and enterprise marketplaces.

# Financial Review



We are Korea's leading wireless telecommunications services provider and a pioneer in the commercial development and implementation of high-speed wireless Internet and convergence services. We had approximately 25.7 million subscribers throughout Korea as of December 31, 2010. In addition, our share of the Korean wireless market as of December 31, 2010 was approximately 50.6%, based on the number of subscribers.

## FINANCIAL REVIEW

## MANAGEMENT'S DISCUSSION &amp; ANALYSIS

Management's Discussion & Analysis (MD&A) is provided to enable readers to assess our results of operations and financial condition for the fiscal year ended December 31, 2010, compared to the preceding year. This MD&A section should be read in conjunction with our audited non-consolidated financial statements included in this annual report. All amounts are in Korean Won (KRW) unless otherwise specified, and are based on our audited non-consolidated financial statements prepared in accordance with Korean generally accepted accounting principles (Korean GAAP).

This MD&A section contains "forward-looking statements", as defined in the U.S. Securities Exchange Act of 1934, that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. Risks and uncertainties associated with our business are more fully described in our latest annual report on Form 20-F and other filings with the U.S. Securities and Exchange Commission. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

## 1. 2010 OVERVIEW

2010 is highlighted by maintaining our leadership position in the wireless business by strengthening our subscriber base and establishing our leadership in the smartphone area while enhancing our competitiveness in fixed-line and new convergence and platform businesses such as T store, an online marketplace for mobile applications, in our efforts to create new growth engines. Leveraging our technological leadership, we reinforced our business-to-business services, including the industry productivity enhancement (IPE) business, and continued to build the groundwork for global business opportunities.

## Wireless and Fixed-line Businesses

We solidified our leadership position in the wireless business in 2010. Our share of the Korean wireless market based on the number of subscribers was approximately 50.6% as of December 31, 2010, unchanged from December 31, 2009. At the end of 2010, we reached a subscriber number of 25.7 million, which we believe evidences further solidification of our market leadership.

In 2010, the Korean telecommunication industry experienced significant growth in wireless Internet services as the number of smartphone users increased rapidly. We established our leadership among smartphone users by securing a competitive smartphone lineup and streamlining the subscription process and pricing structures to enable subscribers to easily access their mobile content from multiple devices. We continued to expand our wireless Internet business in 2010 through our enhanced wireless / fixed-line integrated services and the expansion of our wireless Internet capacity, utilizing the increased popularity of smartphones. We also strengthened our market leadership in the wireless voice call services by improving our network quality, streamlining our marketing network and focusing on customer benefits.

In addition, we strengthened our cooperation with SK Broadband to maximize customer convenience and benefits by developing new services and products, such as integrated services combining mobile phone, fixed-line phone, broadband Internet, VoIP and IPTV services in various combinations. We and SK Broadband will continue to do our best to enhance synergy and growth momentum for both sides.

## Convergence and Platform Businesses

We believe growing convergence among the telecommunications sector and other industries creates growth opportunities for us given our existing industry-specific technology and know-how, which will provide a competitive advantage in offering integrated services. In order to actively respond to the accelerating trend of convergence among different technologies and industries, we continued to strengthen the convergence, Internet and content business sector, including the expansion of T store and the growth of 11 Street, an online shopping mall that links wired and wireless shopping services, into a major e-commerce marketplace.

In addition, we laid the foundation for our platform business in 2010 by expanding various platforms, including our T store and MelOn music services, as well as establishing support systems for third-party content developers. We plan to grow our platform business by sharing our telecommunication infrastructure with other service providers and application developers. Our IPE business, including our mobile office services utilizing our wireless infrastructure, has also grown significantly in 2010. We will continue to identify and foster new convergence and platform businesses to create new growth engines for SK Telecom in the future.

As part of our growth strategy, we have selectively sought attractive opportunities abroad. We are actively seeking various opportunities to grow convergence and platform businesses globally by developing new business models. The joint-venture Digital Content Exchange Hub (DCEH) partnered with Telkom in Indonesia can be a good example of growing opportunities globally.

## 2. EXECUTIVE SUMMARY

We earn revenues principally from our cellular service sales consisting of the following:

- sign-up fees, which are initial subscription fees for our cellular services;
- monthly fees, which are monthly basic charges to customers based on particular service plans;
- call charges, which are usage charges for outgoing voice calls;
- value-added and other service fees paid by subscribers to our wireless services; and
- wireless Internet (WI) sales, consisting of usage charges for wireless data services and short message service (SMS), which is also known as "phone mail" service.

We also derive revenue from interconnection fees paid to us by other fixed-line and wireless telecommunications providers for use of our network by their customers and subscribers.

The following selected non-consolidated financial information has been derived from, and should be read in conjunction with, the audited non-consolidated financial statements included in this annual report.

## Selected Financial Information (Non-consolidated basis)

	In billions of KRW	In billions of KRW	
	2010	2009	Change
<b>Income Statements</b>			
Revenue	12,460.0	12,101.2	3.0%
EBITDA <sup>(1)</sup>	4,220.7	4,209.4	0.3%
Operating income	2,035.0	2,179.3	-6.6%
Net income	1,411.0	1,288.3	9.5%
<b>Balance Sheets</b>			
Total assets	18,959.9	19,297.6	-1.8%
Cash & marketable securities <sup>(2)</sup>	857.0	968.8	-11.5%
Total liabilities	7,505.5	8,056.2	-6.8%
Interest-bearing financial debt <sup>(3)</sup>	3,993.2	4,530.2	-11.9%
Shareholders' equity	11,454.4	11,241.5	1.9%
<b>Financial Ratios (%)</b>			
EBITDA margin	33.9	34.8	-0.9%p
Operating margin	16.3	18.0	-1.7%p
Net income margin	11.3	10.6	0.7%p
Debt-to-equity ratio <sup>(4)</sup>	34.9	40.3	-5.4%p

(1) EBITDA = Operating income + Depreciation + R&D related depreciation within R&D expense

(2) Cash & marketable securities = Cash & cash equivalent + Marketable securities + Short-term financial instruments

(3) Interest-bearing financial debt = Short-term borrowings + Current portion of long-term debt (excluding current portion of long-term debt related to payment of WCDMA license fee) + Bonds payable & long-term borrowings

(4) Debt-to-equity ratio = Interest-bearing financial debt / Shareholders' equity

Our revenue grew by 3.0% to KRW 12.46 trillion in 2010 from KRW 12.10 trillion in 2009, primarily as a result of a 3.2% increase in our cellular services revenue to KRW 11.23 trillion in 2010 from KRW 10.88 trillion in 2009. The increase in our cellular services revenue was due principally to increases in wireless Internet sales and monthly fees driven by increased subscription to fixed-price data and voice plans with higher monthly basic charges, due in large part to an increase in the number of smartphone users. An increase in value-added and other service fees also contributed to the increase in our cellular services revenue, while declines in call charges and sign-up fees partially offset these increases.

Our operating expenses in 2010 increased by 5.1% to KRW 10.42 trillion from KRW 9.92 trillion in 2009, due primarily to increase in non-marketing related commissions and depreciation and amortization expenses. As the growth of our operating expenses outpaced the increase in our revenue in 2010, our operating income decreased by 6.6% to KRW 2.03 trillion in 2010 from KRW 2.18 trillion in 2009 and our operating margin decreased 1.7%p to 16.3% in 2010 and EBITDA margin decreased 0.9%p to 33.9% in 2010. Our net income increased 9.5% to KRW 1.41 trillion in 2010 from KRW 1.29 trillion in 2009.

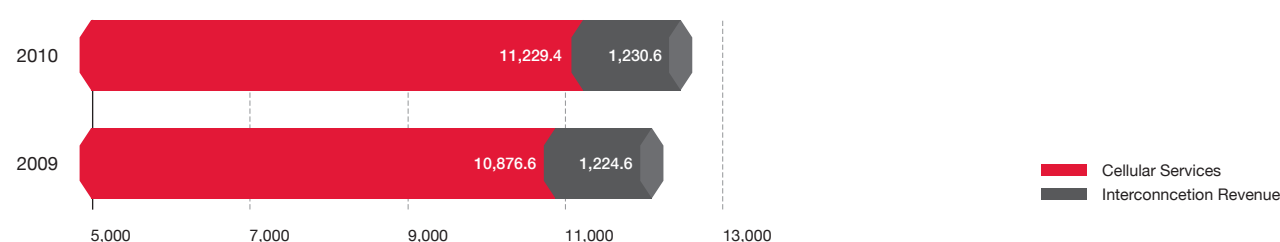
FINANCIAL REVIEW

Our total assets decreased 1.8% to KRW 18.96 trillion as of December 31, 2010 compared to KRW 19.30 trillion as of December 31, 2009, due to, among others, decreases in investment securities and cash and marketable securities, as well as the depreciation of property and equipment and the amortization of intangible assets, partially offset by an increase in accounts receivable resulting from an increase in sales of handsets on installment payment plans. Total liabilities decreased 6.8% to KRW 7.51 trillion as of December 31, 2010 from KRW 8.06 trillion as of December 31, 2009, primarily resulting from a 29.1% decrease in bonds payable and long-term borrowings to KRW 2.95 trillion as of December 31, 2010 from KRW 4.17 trillion as of December 31, 2009, which more than offset a 29.3% increase in current liabilities to KRW 4.26 trillion as of December 31, 2010 from KRW 3.29 trillion as of December 31, 2009. Total shareholders' equity increased 1.9% to KRW 11.45 trillion as of December 31, 2010 from KRW 11.24 trillion as of December 31, 2009, due primarily to an increase in retained earnings partially offset by a decrease in accumulated other comprehensive income. As a result, our debt-to-equity ratio improved to 34.9% from 40.3%.

3. REVENUE

Our total revenue in 2010 amounted to KRW 12.46 trillion, an increase of KRW 358.8 billion, or 3.0%, from KRW 12.10 trillion in 2009. This increase was attributable to an increase of KRW 352.8 billion, or 3.2%, to KRW 11.23 trillion in 2010 from KRW 10.88 trillion in 2009 in our cellular services revenue and an increase of KRW 6.0 billion, or 0.5%, to KRW 1,230.6 billion in 2010 from KRW 1,224.6 billion in 2009 in our revenue from interconnection fees. The increase in cellular services revenue was driven by strong growth in wireless Internet sales, monthly fees and value-added and other service fees, which more than offset decreases in call charges and sign-up fees.

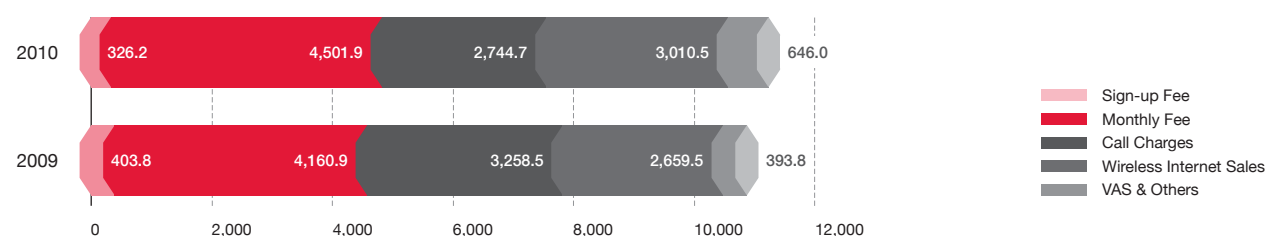
Total Revenue Breakdown (in billions of KRW)



Cellular Service Sales

Our cellular services revenue grew by 3.2% to KRW 11.23 trillion in 2010 from KRW 10.88 trillion in 2009 due primarily to increases in wireless Internet sales, monthly fees and value-added and other service fees, partially offset by decreases in call charges and sign-up fees. A significant increase in the number of smartphone users was the primary driver of the growth in wireless Internet sales and monthly fees.

Cellular Service Sales Breakdown (in billions of KRW)



Our revenue from wireless Internet sales increased 13.2% to KRW 3.01 trillion in 2010 from KRW 2.66 trillion in 2009, primarily as a result of increased subscription to fixed-price data plans. Our monthly fees revenue increased 8.2% to KRW 4.50 trillion in 2010 from KRW 4.16 trillion in 2009, as a result of increased subscription to our service plans with higher monthly basic charges as well as 5.7% growth in our average subscriber base in 2010 over 2009. A rapid increase in the number of smartphone users in 2010 from 0.46 million as of December 31, 2009 to 3.91 million as of December 31, 2010 was one of the primary reasons for the strong growth in our wireless Internet sales and monthly fees, because smartphone users generally tend to subscribe to fixed-price data and voice plans with higher monthly basic charges.

Our revenue from value-added and other services increased 64.0% to KRW 646.0 billion in 2010 from KRW 393.8 billion in 2009. This increase was attributable, among others, to an increase of KRW 81.6 billion in revenue from our leased line business resulting from our acquisition of SK Networks' leased line business on September 30, 2009.

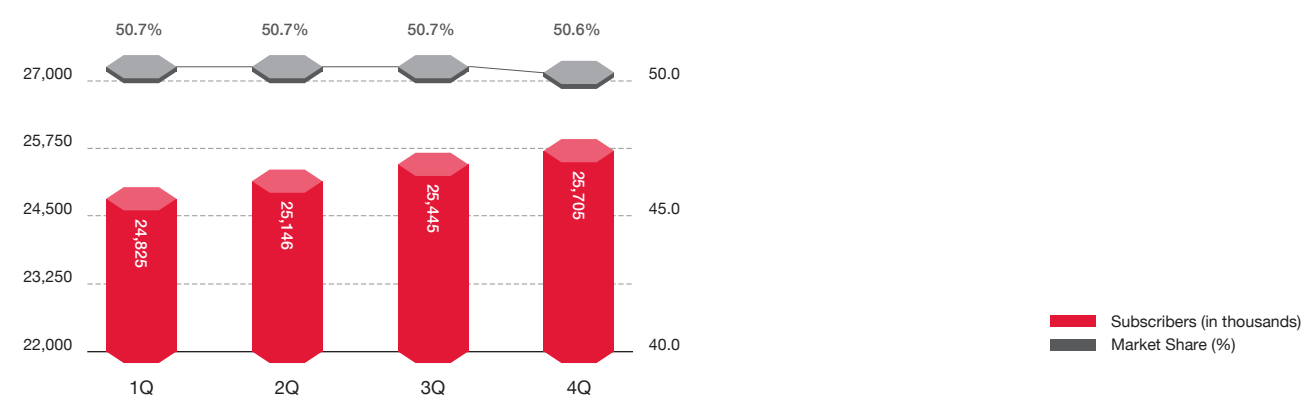
Our revenue from sign-up fees decreased 19.2% to KRW 326.2 billion in 2010 from KRW 403.8 billion in 2009 primarily as a result of the reduction of our sign-up fee from KRW 50,000 to KRW 36,000 starting from November 30, 2009, partially offset by a 9.2% increase in new subscribers paying sign-up fees to approximately 9.1 million in 2010 compared to 8.3 million in 2009.

Despite the increase in our subscriber base in 2010, our call charges revenue decreased 15.8% to KRW 2.74 trillion in 2010 from KRW 3.26 trillion in 2009 due primarily to increased subscription to call plans with higher monthly basic charges and lower call charges. We also began to charge voice calls on a per-second basis from March 2010, which had the effect of reducing call charges compared with the previous system of charging per ten seconds. The average monthly outgoing voice minutes per user (Minutes of Usage, or MOU) increased slightly to 199 minutes in 2010 from 197 minutes in 2009.

Subscribers

The total number of wireless subscribers in Korea was approximately 50.8 million as of December 31, 2010 with a wireless telecommunications service penetration rate of 103.9%. Despite the saturated wireless market in Korea, we continued to add new subscribers throughout the year, and ended the year 2010 with approximately 25.7 million subscribers. Our Korean wireless market share based on the number of subscribers was 50.6% as of December 31, 2010, unchanged from December 31, 2009.

Subscribers and Market Share in 2010



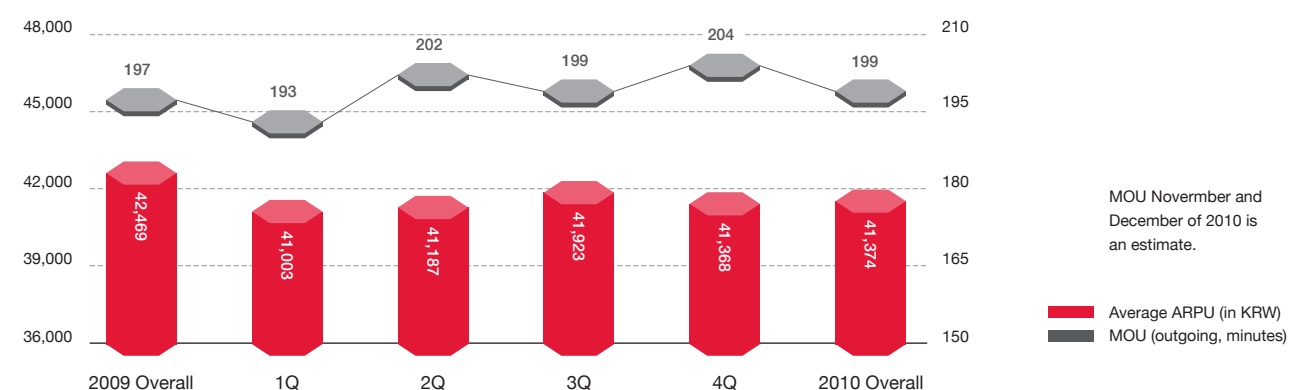
ARPU and MOU

Our average revenue per user (ARPU) per month decreased by 2.6% to KRW 41,374 in 2010 from KRW 42,469 in 2009. This decrease was due to decreases in average monthly ARPU from call charges, sign-up fees and interconnection fees, partially offset by increases in average monthly ARPU from value-added and other service fees, wireless Internet sales and monthly fees.

The average monthly ARPU from call charges decreased 20.3% to KRW 9,114 in 2010 from KRW 11,436 in 2009 due to, among others, increased subscription to call plans with higher monthly basic charges and lower call charges. The average monthly ARPU from sign-up fees decreased 23.6% to KRW 1,083 in 2010 from KRW 1,417 in 2009 due primarily to the reduction of our sign-up fee from KRW 50,000 to KRW 36,000. The average monthly ARPU from value-added and other service fees increased 55.2% to KRW 2,145 in 2010 from KRW 1,382 in 2009 due to, among others, an increase in revenues from our leased line business. The average monthly ARPU from wireless Internet services increased 7.1% to KRW 9,996 in 2010 from KRW 9,334 in 2009, primarily as a result of increased subscription to fixed-price data plans. The average monthly ARPU from monthly fees increased 2.4% to KRW 14,949 in 2010 from KRW 14,603 in 2009, primarily as a result of increased subscription to our service plans with higher monthly basic charges.

The average monthly MOU increased slightly to 199 minutes in 2010 from 197 minutes in 2009.

Average ARPU & MOU (outgoing) in 2010



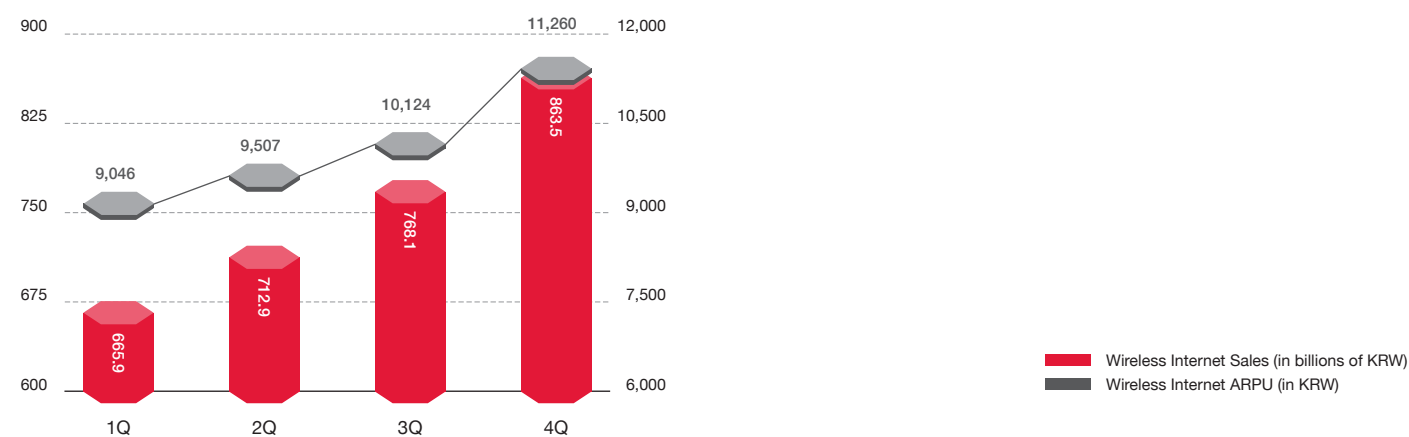
## FINANCIAL REVIEW

## Wireless Internet (WI)

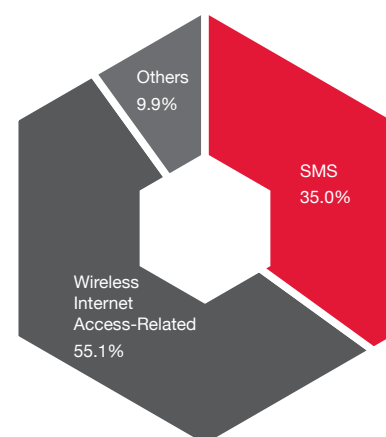
Our WI revenue consists of (i) revenue mainly relating to wireless Internet access, (ii) revenue from SMS and (iii) revenue from other miscellaneous services. The wireless Internet access-related services revenue is comprised of usage charges for data contents, call charges for data transmission, monthly fees from fixed-price data plans and others.

Our revenue from WI service increased 13.2% to KRW 3.01 trillion in 2010 from KRW 2.66 trillion in 2009. This increase was due primarily to an increase of KRW 244.8 billion, or 17.3%, to KRW 1.66 trillion in 2010 from KRW 1.42 trillion in 2009 in wireless Internet access-related revenue, as well as an increase of KRW 68.0 billion, or 29.5%, to KRW 298.7 billion in 2010 from KRW 230.7 billion in 2009 in other miscellaneous services and an increase of KRW 38.1 billion, or 3.8%, to KRW 1.05 trillion in 2010 from KRW 1.01 trillion in 2009 in SMS revenue. The increase in wireless Internet access-related revenue resulted primarily from increased subscription to fixed-price data plans. Our average monthly ARPU from WI services increased 7.1% to KRW 9,996 in 2010 from KRW 9,334 in 2009.

Wireless Internet Revenue and ARPU in 2010



Composition of Wireless Internet Revenue in 2010

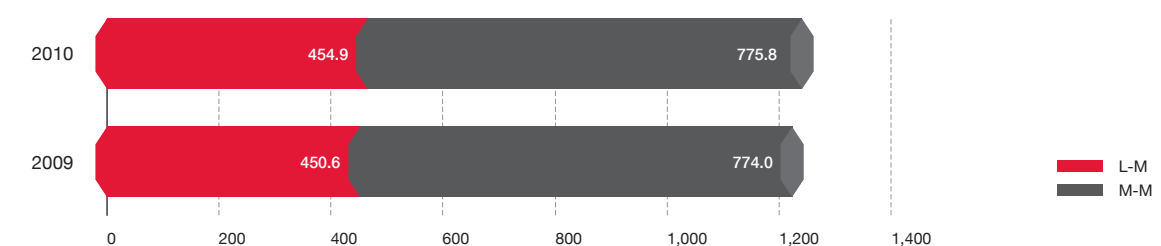


## Interconnection Revenue

Interconnection revenue increased 0.5% to KRW 1,230.6 billion in 2010 from KRW 1,224.6 billion in 2009. The increase was due to increases in both land-to-mobile and mobile-to-mobile interconnection revenue. Our land-to-mobile interconnection revenue increased 1.0% to KRW 454.9 billion in 2010 from KRW 450.6 billion in 2009 due primarily to an increase in average interconnection fee rates, partially offset by a 3.0% decrease in land-to-mobile interconnection traffic volume in 2010. Our mobile-to-mobile interconnection revenue increased 0.2% to KRW 775.8 billion in 2010 from KRW 774.0 billion in 2009 due primarily to a 5.2% increase in mobile-to-mobile interconnection traffic volume in 2010, partially offset by a decrease in average interconnection fee rates.

Our average monthly ARPU from interconnection services decreased 4.9% to KRW 4,086 in 2010 from KRW 4,298 in 2009.

Interconnection Revenue (in billions of KRW)



## 4. PROFITABILITY

## Income Statements

	In billions of KRW		In billions of KRW	
	2010	% of Revenue	2009	% of Revenue
<b>Revenue</b>	<b>12,460.0</b>	<b>100.0%</b>	<b>12,101.2</b>	<b>100.0%</b>
<b>Operating expenses</b>	<b>10,425.0</b>	<b>83.7%</b>	<b>9,921.8</b>	<b>82.0%</b>
Labor cost <sup>(1)</sup>	558.9	4.5%	519.8	4.3%
Commissions paid <sup>(2)</sup>	4,960.8	39.8%	4,594.7	38.0%
Depreciation and amortization <sup>(3)</sup>	2,042.7	16.4%	1,895.9	15.7%
Network interconnection	1,030.4	8.3%	1,068.2	8.8%
Leased line	189.1	1.5%	332.8	2.8%
Rent	295.2	2.4%	277.0	2.3%
Advertising	258.7	2.1%	265.5	2.2%
Others	1,089.2	8.7%	967.9	8.0%
<b>Operating income</b>	<b>2,035.0</b>	<b>16.3%</b>	<b>2,179.3</b>	<b>18.0%</b>
Other income	561.1	4.5%	786.4	6.5%
Other expenses	779.2	6.3%	1,308.4	10.8%
<b>Income before income taxes</b>	<b>1,816.9</b>	<b>14.6%</b>	<b>1,657.3</b>	<b>13.7%</b>
Income taxes	405.9	3.3%	369.0	3.0%
<b>Net income</b>	<b>1,411.0</b>	<b>11.3%</b>	<b>1,288.3</b>	<b>10.6%</b>
<b>EBITDA <sup>(4)</sup></b>	<b>4,220.7</b>	<b>33.9%</b>	<b>4,209.4</b>	<b>34.8%</b>

(1) Labor cost = Salaries + Provisions for severance benefit

(2) Includes marketing commissions and other commissions

(3) Excludes R&D related depreciation

(4) EBITDA = Operating income + Depreciation + R&D related depreciation within R&D expense



## FINANCIAL REVIEW

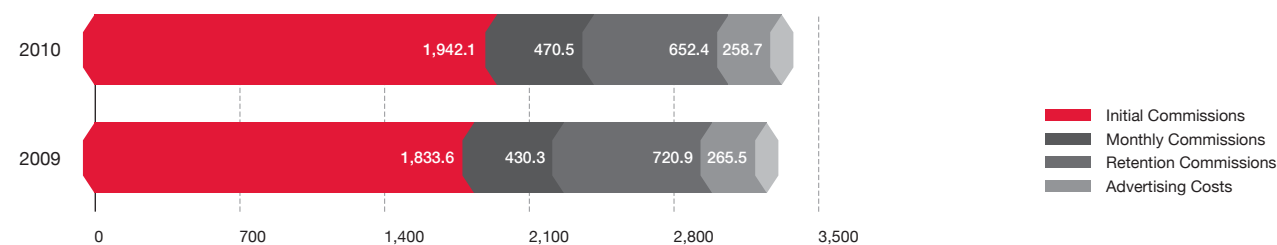
Our operating income decreased 6.6% to KRW 2.03 trillion in 2010 from KRW 2.18 trillion in 2009 and our operating margin decreased to 16.3% in 2010 from 18.0% in 2009, as our operating expenses grew at a rate higher than that of our revenue. The increase in our operating expenses was attributable, among others, to a 17.8% increase in non-marketing related commissions, as well as a 7.7% increase in depreciation and amortization. Our EBITDA slightly increased to KRW 4.22 trillion in 2010 from KRW 4.21 trillion in 2009.

We recorded net other expense of KRW 218.1 billion in 2010 compared to net other expense of KRW 522.0 billion in 2009. With an effective tax rate of 22.3%, our net income was KRW 1.41 trillion in 2010, compared to KRW 1.29 trillion in 2009.

## Operating Expenses

Our operating expenses for 2010 amounted to KRW 10.42 trillion, representing a 5.1% increase from KRW 9.92 trillion in 2009. Marketing expenses accounted for 26.7% of our total revenue at KRW 3.32 trillion in 2010, which represented a 2.3% increase from the previous year. This increase in marketing expenses, which include initial commissions, monthly commissions, retention commissions and advertising costs, was due to increases in initial commissions and monthly commissions, partially offset by decreases in retention commissions and advertising costs. The initial commissions paid, which include handset subsidies and other incentives for new subscribers, increased 5.9% to KRW 1.94 trillion in 2010 from KRW 1.83 trillion in 2009 due primarily to an increase in new subscribers. Monthly commissions that we pay to our authorized dealers for a certain period of time after new subscriptions or new purchases of handsets increased 9.3% to KRW 470.5 billion in 2010 from KRW 430.3 billion in 2009 due to, among others, an increase in our subscriber base. The retention commissions paid, which include handset subsidies for our existing subscribers and expenses relating to our alliance arrangements with businesses which agree to offer benefits to our subscribers, decreased 9.5% to KRW 652.4 billion in 2010 from KRW 720.9 billion in 2009, due primarily to a decrease in the number of existing subscribers who received handset subsidies. Our advertising costs decreased 2.5% to KRW 258.7 billion in 2010 from KRW 265.5 billion in 2009 due to the reduction of media advertisements.

Marketing Expense Breakdown (in billions of KRW)



Depreciation and amortization excluding research and development related depreciation expenses increased 7.7% to KRW 2.04 trillion in 2010 from KRW 1.90 trillion in 2009, due principally to an increase in depreciation expenses resulting from our acquisition of SK Networks' leased line business. Our non-marketing related commissions increased 17.8% to KRW 1.90 trillion in 2010 from KRW 1.61 trillion in 2009, due principally to an increase in commissions paid to Hana SK Card, in which we hold a 49% stake, for financing our subscribers' purchases of new handsets on installment payment plans. Since September 2010, Hana SK Card has taken over this financing from us, which we expect should reduce our interest expenses and improve our capital structure in the future by reducing the amount of our debt.

Interconnection expenses amounted to KRW 1.03 trillion in 2010, representing a 3.5% decrease from 1.07 trillion in 2009. This decrease was attributable to decreases in interconnection fee rates, partially offset by the growth in the subscriber base and increases in interconnection traffic volume in 2010. Labor costs increased 7.5% to KRW 558.9 billion in 2010 from KRW 519.8 billion in 2009, due primarily to a one-off effect of changing our accounting policy related to annual bonus payments. Leased line expenses decreased 43.2% to KRW 189.1 billion in 2010 from KRW 332.8 billion in 2009, due primarily to the increased use of our own transmission lines following our acquisition of SK Networks' leased line business on September 30, 2009.

## Other Income / Expenses

Other income consists primarily of interest income, dividend income, gains on valuation of investment securities accounted for under the equity method, foreign exchange and translation gains, gains on valuation of currency swaps and others. In 2010, other income decreased 28.7% to KRW 561.1 billion from KRW 786.4 billion in 2009, due primarily to a decrease in dividend income to KRW 26.4 billion in 2010 from KRW 134.0 billion in 2009, as well as decreases in foreign exchange and translation gains and gains on valuation of currency swaps hedging our foreign currency-denominated debt. The decrease in dividend income was primarily due to the decrease in dividend from Global Opportunities Breakaway Fund, a venture capital fund, and our sale of China Unicom and SK C&C shares in 2009.

Other expenses consist primarily of interest expenses, losses on valuation of investment securities accounted for under the equity method, foreign exchange and translation losses, losses on valuation of currency swaps, donations and others. Other expenses decreased 40.4% to KRW 779.2 billion in 2010 from KRW 1.31 trillion in 2009. This decrease was attributable primarily to decreases in foreign exchange losses and losses related to currency swaps, as well as the incurrence in 2009 of a loss on our sale of China Unicom shares. Our exposure to fluctuations in foreign exchange rates is limited as we hedge a substantial portion of our foreign currency-denominated assets and liabilities.

## Income Tax

Provision for income tax increased 10.0% to KRW 405.9 billion in 2010 from KRW 369.0 billion in 2009, due primarily to the increase in our income before income tax. Our effective tax rate was 22.3% in 2010, unchanged from 2009.

## 5. FINANCIAL STRUCTURE

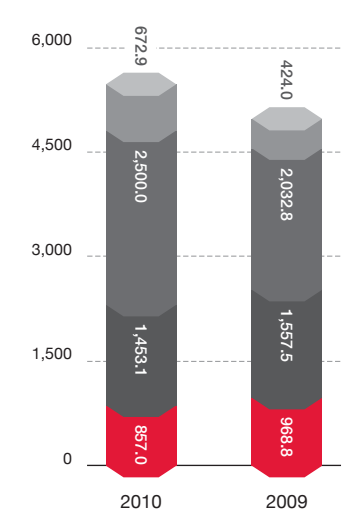
## Current Assets

As of December 31, 2010, we had current assets of KRW 5.48 trillion, a 10.0% increase from KRW 4.98 trillion as of December 31, 2009. Our cash and marketable securities (including short-term financial instruments) decreased 11.5% to KRW 857.0 billion as of December 31, 2010, from KRW 968.8 billion as of December 31, 2009, because cash used in capital expenditures, repayment of debt, payment of dividends and share repurchases exceeded cash inflow from operations. As of December 31, 2010, our trade accounts receivable amounted to KRW 1.45 trillion, a 6.7% decrease from KRW 1.56 trillion as of December 31, 2009, due primarily to a change in our accounting treatment of trade accounts receivable related to interconnection revenue. Our other accounts receivable increased 23.0% to KRW 2.50 trillion as of December 31, 2010 from KRW 2.03 trillion as of December 31, 2009 primarily as a result of an increase in sales of handsets to subscribers on installment payment plans.

## Investment Assets

Our investment assets consist primarily of available-for-sale securities and equity method investment securities. Our investment assets decreased 3.3% to KRW 4.94 trillion as of December 31, 2010 from KRW 5.11 trillion as of December 31, 2009. This decrease was mainly attributable to the loss on valuation of our investment in Posco, the reclassification of SK C&C shares as current assets and the sale of Sprint shares, partially offset by the acquisition of shares of Hana SK Card.

Current Assets (in billions of KRW)



■ Cash & Marketable Securities  
 ■ Receivable from Sales  
 ■ Non-trade Receivables  
 ■ Other Current Assets

Investment Assets (in billions of KRW)



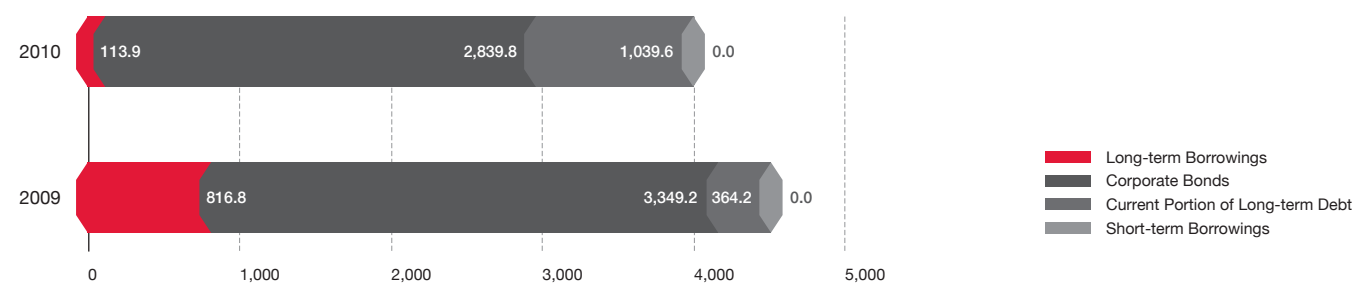
■ Investment Securities  
 ■ Guarantee Deposits  
 ■ Long-term Loans  
 ■ Others

## FINANCIAL REVIEW

## Interest-Bearing Financial Debt

We had KRW 7.51 trillion of total liabilities as of December 31, 2010, a 6.8% decrease from KRW 8.06 trillion as of December 31, 2009, due mainly to a 29.1% decrease in bonds payable and long-term borrowings to KRW 2.95 trillion as of December 31, 2010 from KRW 4.17 trillion as of December 31, 2009. As a result, our total interest-bearing financial debt decreased 11.9% to KRW 3.99 trillion as of December 31, 2010 compared to KRW 4.53 trillion as of December 31, 2009. Our debt-to-equity ratio decreased to 34.9% from 40.3%.

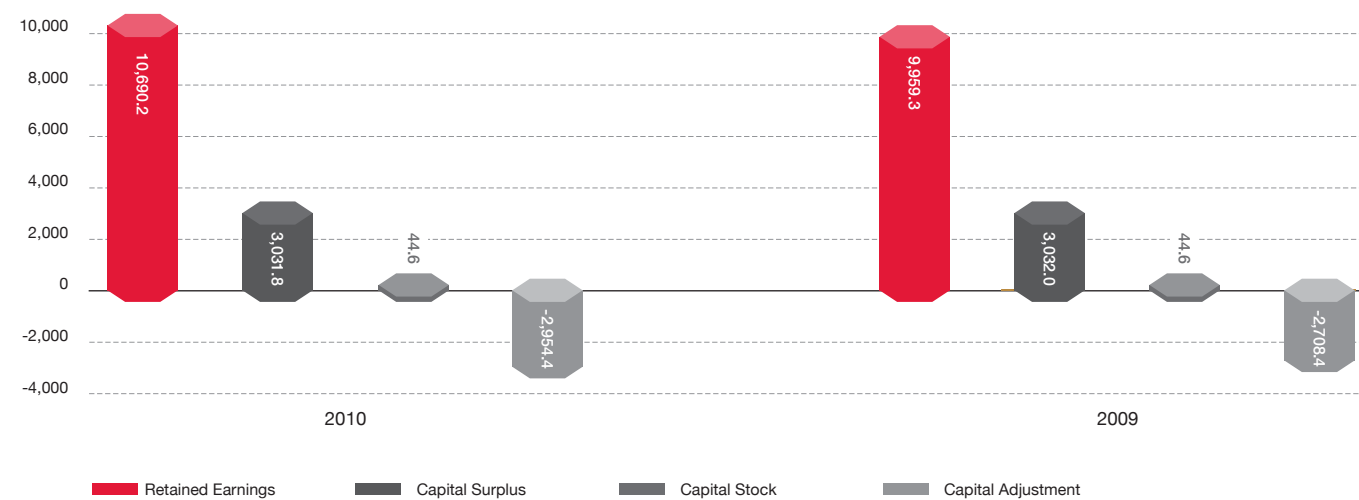
Interest-Bearing Financial Debt (in billions of KRW)



## Shareholders' Equity

Our total shareholders' equity as of December 31, 2010 amounted to KRW 11.45 trillion, representing an increase of 1.9% from KRW 11.24 trillion as of December 31, 2009. This increase was attributable primarily to an increase in retained earnings to KRW 10.69 trillion as of December 31, 2010 from KRW 9.96 trillion as of December 31, 2009, partially offset by a decrease in accumulated other comprehensive income to KRW 642.2 billion as of December 31, 2010 from KRW 913.9 billion as of December 31, 2009. The decrease in accumulated other comprehensive income was due principally to a loss on valuation of our investment in Posco.

Shareholders' Equity (in billions of KRW)



## 6. CAPITAL EXPENDITURE

We spent approximately KRW 1.85 trillion for capital expenditures in 2010, representing a 4.3% increase from KRW 1.77 trillion in 2009. Network-related investment increased 2.2% to KRW 1.39 trillion in 2010 from KRW 1.36 trillion in 2009, and represented 75.3% of our total capital expenditures for the year. Network-related investment was used primarily to expand and upgrade our WCDMA network, improve our CDMA network quality and expand the coverage of our WiBro network.

## FINANCIAL STATEMENTS

NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2010 AND 2009

	Korean won / In millions		Translation into U.S. dollars / In thousands	
	2010	2009	2010	2009
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	₩357,470	₩420,576	\$316,177	\$371,994
Short-term financial instruments	299,500	178,057	264,904	157,489
Short-term investment securities	393,811	370,182	348,320	327,421
Accounts receivable - trade, net of allowance for doubtful accounts of ₩151,208 million as of December 31, 2010 and ₩142,702 million as of December 31, 2009	1,453,061	1,557,514	1,285,212	1,377,600
Short-term loans, net of allowance for doubtful accounts of ₩1,077 million as of December 31, 2010 and ₩933 million as of December 31, 2009	81,126	66,888	71,755	59,162
Accounts receivable - other, net of allowance for doubtful accounts of ₩34,792 million and present value of ₩1,252 million as of December 31, 2010 and ₩26,059 million and ₩8,478 as of December 31, 2009	2,499,969	2,032,757	2,211,188	1,797,945
Inventories	9,019	22,656	7,977	20,039
Prepaid expenses	139,129	112,762	123,058	99,736
Current deferred income tax assets, net	182,516	194,825	161,433	172,320
Accrued income and other	67,262	26,835	59,492	23,734
<b>Total Current Assets</b>	<b>5,482,863</b>	<b>4,983,052</b>	<b>4,849,516</b>	<b>4,407,440</b>
<b>NON-CURRENT ASSETS:</b>				
Property and equipment, net	5,027,567	5,196,521	4,446,813	4,596,251
Intangible assets, net	2,513,723	2,665,936	2,223,353	2,357,983
Long-term financial instruments	69	6,519	61	5,766
Long-term investment securities	1,517,029	2,420,262	1,341,791	2,140,688
Equity securities accounted for using the equity method	3,424,106	2,680,872	3,028,574	2,371,194
Long-term loans, net of allowance for doubtful accounts of ₩23,730 million as of December 31, 2010 and ₩24,250 million as of December 31, 2009	69,667	64,216	61,619	56,798
Long-term accounts receivable - other, net of present value	527,084	761,647	466,198	673,666
Guarantee deposits	164,983	172,021	145,925	152,150
Long-term currency swap	139,577	223,173	123,454	197,393
Long-term deposits and other	93,244	123,414	82,474	109,159
<b>Total Non-current Assets</b>	<b>13,477,049</b>	<b>14,314,581</b>	<b>11,920,262</b>	<b>12,661,048</b>
<b>TOTAL ASSETS</b>	<b>₩18,959,912</b>	<b>₩19,297,633</b>	<b>\$16,769,779</b>	<b>\$17,068,488</b>

(Continued)

## FINANCIAL REVIEW

	Korean won / In millions		Translation into U.S. dollars / In thousands	
	2010	2009	2010	2009
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable	₩1,281,423	₩1,136,475	\$1,133,401	\$1,005,196
Income tax payable	243,263	381,940	215,163	337,821
Accrued expenses	1,112,300	934,372	983,814	826,439
Withholdings	348,093	250,656	307,883	221,702
Current portion of long-term debt, net	1,208,555	513,277	1,068,950	453,986
Current portion of subscription deposits	5,611	6,804	4,963	6,018
Currency swap	7,848	35,145	6,941	31,085
Interest swap	7,546	1,173	6,674	1,038
Advanced receipts and other	45,324	34,791	40,089	30,772
<b>Total Current Liabilities</b>	<b>4,259,963</b>	<b>3,294,633</b>	<b>3,767,878</b>	<b>2,914,057</b>
<b>NON-CURRENT LIABILITIES:</b>				
Bonds payable, net	2,839,751	3,349,216	2,511,720	2,962,335
Long-term borrowings	113,890	816,760	100,734	722,413
Subscription deposits	5,219	5,480	4,616	4,847
Long-term payables - other, net of present value discount of ₩2,457 million as of December 31, 2010 and ₩5,837 million as of December 31, 2009	50,643	164,163	44,793	145,200
Accrued severance indemnities, net	25,048	25,155	22,155	22,249
Non-current deferred income tax liabilities, net	10,802	210,859	9,554	186,502
Long-term currency swap	9,718	18,281	8,595	16,169
Long-term interest swap	5,043	16,215	4,460	14,342
Guarantee deposits received and other	185,418	155,421	164,001	137,468
<b>Total Non-current Liabilities</b>	<b>3,245,532</b>	<b>4,761,550</b>	<b>2,870,628</b>	<b>4,211,525</b>
<b>Total Liabilities</b>	<b>7,505,495</b>	<b>8,056,183</b>	<b>6,638,506</b>	<b>7,125,582</b>
<b>STOCKHOLDERS' EQUITY:</b>				
Capital stock	44,639	44,639	39,483	39,483
Capital surplus	3,031,780	3,032,009	2,681,567	2,681,769
Capital adjustments:				
Treasury stock	(2,202,439)	(1,992,083)	(1,948,027)	(1,761,970)
Loss on disposal of treasury stock	(716)	(716)	(633)	(633)
Equity method in capital adjustments	(88,233)	(52,626)	(78,041)	(46,547)
Other capital adjustments	(662,983)	(662,983)	(586,399)	(586,399)
Accumulated other comprehensive income (loss):				
Unrealized gains on valuation of long-term investment securities, net	801,282	1,003,145	708,723	887,268
Equity in other comprehensive loss of affiliates, net	(92,659)	(84,809)	(81,956)	(75,012)
Gain (Loss) on valuation of currency swap, net	(60,749)	6,516	(53,732)	5,763
Loss on valuation of interest swap, net	(5,720)	(10,932)	(5,059)	(9,669)
Retained earnings:				
Appropriated	9,350,386	8,890,053	8,270,285	7,863,128
Unappropriated	1,339,829	1,069,237	1,185,062	945,725
<b>Total Stockholders' Equity</b>	<b>11,454,417</b>	<b>11,241,450</b>	<b>10,131,273</b>	<b>9,942,906</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>₩18,959,912</b>	<b>₩19,297,633</b>	<b>\$16,769,779</b>	<b>\$17,068,488</b>

NON-CONSOLIDATED STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean won / In millions except for per share data		Translation into U.S. dollars / In thousands except for per share data	
	2010	2009	2010	2009
<b>OPERATING REVENUE</b>	<b>₩12,459,990</b>	<b>₩12,101,184</b>	<b>\$11,020,688</b>	<b>\$10,703,329</b>
<b>OPERATING EXPENSES:</b>				
Labor cost	(497,079)	(460,906)	(439,659)	(407,665)
Commissions paid	(4,960,782)	(4,594,727)	(4,387,743)	(4,063,972)
Depreciation and amortization	(2,042,681)	(1,895,880)	(1,806,723)	(1,676,880)
Network interconnection	(1,030,380)	(1,068,243)	(911,357)	(944,846)
Leased line	(189,060)	(332,824)	(167,221)	(294,378)
Advertising	(258,737)	(265,498)	(228,849)	(234,829)
Research and development	(264,417)	(233,469)	(233,873)	(206,500)
Rent	(295,226)	(277,018)	(261,123)	(245,019)
Frequency usage	(176,890)	(157,400)	(156,457)	(139,218)
Repair	(181,263)	(160,571)	(160,325)	(142,023)
Cost of goods sold	(108,870)	(35,979)	(96,294)	(31,823)
Other	(419,613)	(439,332)	(371,142)	(388,583)
<b>Sub-total</b>	<b>(10,424,998)</b>	<b>(9,921,847)</b>	<b>(9,220,766)</b>	<b>(8,775,736)</b>
<b>OPERATING INCOME</b>	<b>2,034,992</b>	<b>2,179,337</b>	<b>1,799,922</b>	<b>1,927,593</b>
<b>OTHER INCOME:</b>				
Interest income	210,248	157,104	185,961	138,956
Foreign exchange and translation gains	22,885	99,080	20,241	87,635
Equity in earnings of affiliates	74,318	63,804	65,733	56,434
Gain on valuation of short-term investment securities	-	14,086	-	12,459
Gain on disposal of property and equipment and intangible assets	7,774	24,547	6,876	21,711
Gain on valuation of derivative	7,951	109,306	7,033	96,680
Other	237,905	318,517	210,424	281,724
<b>Sub-total</b>	<b>561,081</b>	<b>786,444</b>	<b>496,268</b>	<b>695,599</b>

(Continued)

## FINANCIAL REVIEW

	Korean won / In millions except for per share data		Translation into U.S. dollars / In thousands except for per share data	
	2010	2009	2010	2009
<b>OTHER EXPENSES:</b>				
Interest and discounts	(₩275,790)	(₩304,569)	(\$243,932)	(\$269,387)
Donations	(122,987)	(70,765)	(108,780)	(62,591)
Foreign exchange and translation losses	(11,393)	(176,076)	(10,077)	(155,737)
Equity in losses of affiliates	(181,077)	(295,332)	(160,160)	(261,217)
Loss on disposal of account receivable - other	-	(28,711)	-	(25,394)
Loss on disposal of property, equipment and intangible assets	(55,982)	(83,034)	(49,515)	(73,442)
Loss on valuation of derivative	(19,198)	(119,696)	(16,980)	(105,869)
External research and development cost	(80,474)	(55,528)	(71,178)	(49,114)
Other	(32,318)	(174,726)	(28,585)	(154,543)
Sub-total	(779,219)	(1,308,437)	(689,207)	(1,157,294)
<b>INCOME BEFORE INCOME TAX</b>	1,816,854	1,657,344	1,606,983	1,465,898
<b>PROVISION FOR INCOME TAX</b>	(405,886)	(369,004)	(359,001)	(326,379)
<b>NET INCOME</b>	₩1,410,968	₩1,288,340	\$1,247,982	\$1,139,519
<b>NET INCOME PER SHARE</b> (In Korean won and U.S. dollars)	₩19,612	₩17,808	\$17.35	\$15.75
<b>DILUTED NET INCOME PER SHARE</b> (In Korean won and U.S. dollars)	₩19,312	₩17,599	\$17.08	\$15.57

NON-CONSOLIDATED STATEMENTS OF APPROPRIATIONS OF RETAINED EARNINGS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean won / In millions		Translation into U.S. dollars / In thousands	
	2010	2009	2010	2009
<b>RETAINED EARNINGS BEFORE APPROPRIATIONS:</b>				
Beginning of year	₩1,206	₩1,762	\$1,068	\$1,558
Interim dividends	(72,345)	(72,345)	(63,988)	(63,988)
Retirement of treasury stock	-	(92,477)	-	(81,795)
Changes in retained earning from equity method accounting	-	(56,043)	-	(49,569)
Net income	1,410,968	1,288,340	1,247,982	1,139,519
End of year	1,339,829	1,069,237	1,185,062	945,725
<b>TRANSFER FROM VOLUNTARY RESERVES:</b>				
Reserve for research and manpower development	123,334	376,667	109,087	333,157
<b>APPROPRIATIONS:</b>				
Reserve for research and manpower development	-	(363,000)	-	(321,068)
Reserve for business expansion	(490,000)	(474,000)	(433,398)	(419,246)
Reserve for technology development	(374,000)	-	(330,798)	-
Cash dividends	(597,198)	(607,698)	(528,213)	(537,500)
	(1,461,198)	(1,444,698)	(1,292,409)	(1,277,814)
<b>UNAPPROPRIATED RETAINED EARNINGS TO BE CARRIED FORWARD TO SUBSEQUENT YEAR</b>	₩1,965	₩1,206	\$1,740	\$1,068

## FINANCIAL REVIEW

NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total stockholders' equity
<i>In millions of Korean won</i>						
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	-	-	-	-	(72,345)	(72,345)
Net income	-	-	-	-	1,288,340	1,288,340
Conversion right	-	73,622	-	-	-	73,622
Treasury stock	-	(722)	62,821	-	(92,476)	(30,377)
Unrealized loss on valuation of long-term investment securities, net	-	-	-	589,875	-	589,875
Equity in other comprehensive income changes of affiliates, net	-	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	-	-	(672,096)	-	-	(672,096)
Gain on valuation of currency swap, net	-	-	-	15,048	-	15,048
Gain on valuation of interest swap, net	-	-	-	15,197	-	15,197
<b>Balance, December 31, 2009</b>	<b>₩44,639</b>	<b>₩3,032,009</b>	<b>(₩2,708,408)</b>	<b>₩913,920</b>	<b>₩9,959,290</b>	<b>₩11,241,450</b>
Balance, January 1, 2010	₩44,639	₩3,032,009	(₩2,708,408)	₩913,920	₩9,959,290	₩11,241,450
Cash dividends	-	-	-	-	(607,698)	(607,698)
Interim dividends	-	-	-	-	(72,345)	(72,345)
Net income	-	-	-	-	1,410,968	1,410,968
Treasury stock	-	-	(210,356)	-	-	(210,356)
Unrealized loss on valuation of long-term investment securities, net	-	-	-	(201,863)	-	(201,863)
Equity in other comprehensive income changes of affiliates, net	-	(229)	(35,607)	(7,850)	-	(43,686)
Gain on valuation of currency swap, net	-	-	-	(67,265)	-	(67,265)
Gain on valuation of interest swap, net	-	-	-	5,212	-	5,212
<b>Balance, December 31, 2010</b>	<b>₩44,639</b>	<b>₩3,031,780</b>	<b>(₩2,954,371)</b>	<b>₩642,154</b>	<b>₩10,690,215</b>	<b>₩11,454,417</b>

(Continued)

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total stockholders' equity
<i>In thousands of U.S. dollars</i>						
Balance, January 1, 2009	\$39,483	\$2,615,509	(\$1,899,460)	\$330,608	\$8,403,518	\$9,489,658
Cash dividends	-	-	-	-	(538,832)	(538,832)
Interim dividends	-	-	-	-	(63,988)	(63,988)
Net income	-	-	-	-	1,139,519	1,139,519
Conversion right	-	65,118	-	-	-	65,118
Treasury stock	-	(639)	55,565	-	(81,794)	(26,868)
Unrealized loss on valuation of long-term investment securities, net	-	-	-	521,736	-	521,736
Equity in other comprehensive income changes of affiliates, net	-	1,781	42,806	(70,746)	(49,570)	(75,729)
Difference between the acquisition cost and net book value incurred from the business acquisition between companies under common control	-	-	(594,460)	-	-	(594,460)
Gain on valuation of currency swap, net	-	-	-	13,310	-	13,310
Gain on valuation of interest swap, net	-	-	-	13,442	-	13,442
<b>Balance, December 31, 2009</b>	<b>\$39,483</b>	<b>\$2,681,769</b>	<b>(\$2,395,549)</b>	<b>\$808,350</b>	<b>\$8,808,853</b>	<b>\$9,942,906</b>
Balance, January 1, 2010	\$39,483	\$2,681,769	(\$2,395,549)	\$808,350	\$8,808,853	\$9,942,906
Cash dividends	-	-	-	-	(537,500)	(537,500)
Interim dividends	-	-	-	-	(63,988)	(63,988)
Net income	-	-	-	-	1,247,982	1,247,982
Treasury stock	-	-	(186,057)	-	-	(186,057)
Unrealized loss on valuation of long-term investment securities, net	-	-	-	(178,545)	-	(178,545)
Equity in other comprehensive income changes of affiliates, net	-	(202)	(31,494)	(6,944)	-	(38,640)
Gain on valuation of currency swap, net	-	-	-	(59,495)	-	(59,495)
Gain on valuation of interest swap, net	-	-	-	4,610	-	4,610
<b>Balance, December 31, 2010</b>	<b>\$39,483</b>	<b>\$2,681,567</b>	<b>(\$2,613,100)</b>	<b>\$567,976</b>	<b>\$9,455,347</b>	<b>\$10,131,273</b>

## FINANCIAL REVIEW

NON-CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Korean won / In millions		Translation into U.S. dollars / In thousands	
	2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Net income	₩1,410,968	₩1,288,340	\$1,247,982	\$1,139,519
Expenses not involving cash payments:				
Provision for severance indemnities	35,382	34,481	31,295	30,498
Depreciation and amortization	2,185,674	2,030,081	1,933,198	1,795,578
Allowance for doubtful accounts	64,600	116,072	57,138	102,664
Foreign translation loss	382	972	338	860
Equity in losses of affiliates	181,077	295,332	160,160	261,217
Loss on disposal of accounts receivable - other	-	28,711	-	25,394
Loss on disposal of property, equipment and intangible assets	55,982	83,034	49,515	73,442
Loss on valuation of derivative	19,198	119,696	16,980	105,869
Amortization of discounts on bonds and other	49,457	193,850	43,744	171,459
Sub-total	2,591,752	2,902,229	2,292,368	2,566,981
Income not involving cash receipts:				
Foreign translation gain	(15,711)	(72,954)	(13,896)	(64,527)
Equity in earnings of affiliates	(74,318)	(63,804)	(65,733)	(56,434)
Gain on valuation of short-term investment securities	-	(14,086)	-	(12,459)
Gain on disposal of property, equipment and intangible assets	(7,774)	(24,547)	(6,876)	(21,711)
Gain on valuation of derivative	(7,951)	(109,306)	(7,033)	(96,680)
Other	(192,521)	(170,069)	(170,282)	(150,423)
Sub-total	(298,275)	(454,766)	(263,820)	(402,234)

(Continued)

	Korean won / In millions		Translation into U.S. dollars / In thousands	
	2010	2009	2010	2009
Changes in assets and liabilities related to operating activities:				
Accounts receivable - trade	50,638	(76,425)	44,789	(67,597)
Accounts receivable - other	(469,686)	(816,259)	(415,431)	(721,970)
Inventories	9,143	(10,088)	8,087	(8,923)
Prepaid expenses	16,809	42,771	14,867	37,830
Accrued income and other	(79,659)	17,998	(70,457)	15,919
Long-term accounts receivable - other	234,563	(254,795)	207,468	(225,363)
Accounts payable	194,679	91,623	172,191	81,039
Income tax payable	(157,156)	68,881	(139,002)	60,924
Accrued expenses	168,355	274,601	148,908	242,881
Withholdings	116,286	(44,019)	102,853	(38,933)
Current portion of subscription deposits	(1,193)	(277)	(1,055)	(245)
Advanced receipts and other	10,532	10,010	9,315	8,854
Deferred income taxes	(91,280)	(228,392)	(80,736)	(202,010)
Severance indemnities payments	(17,867)	(26,122)	(15,803)	(23,105)
Deposits for group severance indemnities and other deposits	(18,192)	(8,049)	(16,091)	(7,119)
Dividends received from affiliate	12,533	6,817	11,085	6,030
Sub-total	(21,495)	(951,725)	(19,012)	(841,788)
Net Cash Provided by Operating Activities	3,682,950	2,784,078	3,257,518	2,462,478

(Continued)

## FINANCIAL REVIEW

	Korean won / In millions		Translation into U.S. dollars / In thousands	
	2010	2009	2010	2009
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Cash inflows from investing activities:				
Proceeds from disposal of property and equipment	₩17,586	₩60,393	\$15,555	\$53,417
Proceeds from disposal of intangible assets	5,139	4,897	4,545	4,331
Disposal of short-term investment securities, net	168,316	13,704	148,873	12,121
Collection of short-term loans	210,035	333,225	185,773	294,733
Proceeds from sales of long-term investment securities	697,431	1,966,854	616,868	1,739,655
Proceeds from sales of equity securities accounted for using the equity method	75,256	6,444	66,563	5,700
Collection of long-term loans	14,752	41,123	13,048	36,373
Decrease in guarantee deposits	89,605	25,653	79,254	22,690
Cash inflows from transaction of currency swap	1,254	86,094	1,109	76,148
Decrease in other non-current assets	21,989	11,135	19,449	9,849
Sub-total	1,301,363	2,549,522	1,151,037	2,255,017
Cash outflows for investing activities:				
Acquisition of short-term financial instruments	(114,943)	(79,651)	(101,665)	(70,450)
Extension of short-term loans	(213,874)	(251,196)	(189,169)	(222,179)
Acquisition of property and equipment	(1,865,299)	(1,683,087)	(1,649,831)	(1,488,667)
Increase in intangible assets	(55,470)	(51,807)	(49,062)	(45,823)
Acquisition of long-term financial instruments	(50)	(6,500)	(44)	(5,749)
Acquisition of long-term investment securities	(58,762)	(489,338)	(51,974)	(432,813)
Acquisition of equity securities accounted for using the equity method	(991,130)	(451,702)	(876,641)	(399,524)
Extension of long-term loans	(30,224)	(15,379)	(26,733)	(13,603)
Increase in guarantee deposits and other	(117,544)	(125,908)	(103,966)	(111,364)
Cash outflows from transaction of currency swap	-	(177,848)	-	(157,304)
Cash outflows from business acquisition	-	(894,784)	-	(791,424)
Sub-total	(3,447,296)	(4,227,200)	(3,049,085)	(3,738,900)
Net Cash Used in Investing Activities	(2,145,933)	(1,677,678)	(1,898,048)	(1,483,883)

(Continued)

	Korean won / In millions		Translation into U.S. dollars / In thousands	
	2010	2009	2010	2009
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Cash inflows from financing activities:				
Increase in guarantee deposits received and other	53,657	16,572	47,459	14,658
Issuance of bonds	-	1,114,937	-	986,146
Sub-total	53,657	1,131,509	47,459	1,000,804
Cash outflows for financing activities:				
Repayment of short-term borrowings	-	(746,849)	-	(660,578)
Repayment of bonds	(365,140)	(60,216)	(322,961)	(53,260)
Repayment of long-term borrowings	(200,000)	-	(176,897)	-
Repayment of current portion of long-term debts	(150,000)	(715,672)	(132,673)	(633,002)
Decrease in other non-current liabilities	(12,719)	(13,938)	(11,251)	(12,327)
Payment of dividends	(680,044)	(681,548)	(601,489)	(602,820)
Decrease in guarantee deposits received and other	(261)	-	(231)	-
Acquisition of treasury stock	(210,356)	(28,939)	(186,057)	(25,596)
Cash outflows from transaction of currency swap	(35,260)	(4,348)	(31,187)	(3,846)
Sub-total	(1,653,780)	(2,251,510)	(1,462,746)	(1,991,429)
Net Cash Used in Financing Activities	(1,600,123)	(1,120,001)	(1,415,287)	(990,625)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(63,106)</b>	<b>(13,601)</b>	<b>(55,817)</b>	<b>(12,030)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>420,576</b>	<b>434,177</b>	<b>371,994</b>	<b>384,024</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>₩357,470</b>	<b>₩420,576</b>	<b>\$316,177</b>	<b>\$371,994</b>

**Note:** 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 ₩1,130.60 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, 2010. 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.

# Sustainability Management

At SK Telecom, we realize that we would not be the success we are today without loyal customers, dedicated employees, innovative partners, and committed investors. It is our highest ambition to earn the trust and admiration of all of our stakeholders as we practice sustainability in every aspect of our operations to help make our world a better, brighter place to live, work, and play.





# Sustainability Management



Our customer-oriented management philosophy and commitment to creating greater value for all stakeholders is laying a solid foundation for sustainability.

#### BUILDING ON A SOLID FOUNDATION

Launched in 1979 and updated 12 times over the years, our management philosophy—the SK Management System (SKMS)—is the foundation of our sustainability commitment. At its core, the SKMS embraces a vision of making the world a better place by creating value for all stakeholders. Today, we continue our mission to achieve this vision in harmony with our profitability mandate through creative, strategic corporate social responsibility (CSR) initiatives focusing on environmental preservation, win-win partnerships, customer protection, community involvement, and ethics management.

#### PURSUING TRANSPARENCY IN SUSTAINABILITY

We are committed to making sustainable growth and social responsibility that generates value the core of everything we do. Shaped by both internal and external expectations of our role in the community as Korea's leading mobile network operator (MNO), our strategy is designed to minimize risk exposure to major issues, enhance competitiveness across the board, and help identify new business opportunities. This is enabling us to earn the trust of stakeholders and take the lead in business opportunities related to environmental and social issues as we pave the way for sustainable growth and development. As part of our commitment to transparency, we also publish the results of our activities and plans for the coming year in our annual sustainability report published at the beginning of each year.

#### LEADING FROM THE TOP

Backed by unanimous board approval, we became a signatory of the UN Global Compact (UNGC) in May 2007, signaling to stakeholders our seriousness about sustainability by committing ourselves to upholding the UNGC's ten principles in the areas of labor, human rights, the environment, and anti-corruption. In May 2008, our board established the Corporate Citizenship Committee tasked with evaluating the direction and performance of our sustainability strategy and external communications matters as well as advising on CSR activities on a field-by-field basis. In 2010, the committee met four times to discuss ways to improve operational efficiency in each field and set mid- and long-term goals as we continued to strengthen our commitment to sustainability.

#### EARNING GLOBAL RECOGNITION

Our inclusion on the Dow Jones Sustainability Indexes (DJSI) for a third straight year and the first at the top of the DJSI global mobile telecommunications sector in 2010 is raising our profile in global markets. SK Corporation Chairman Chey Tae-won—Korea's first corporate executive to be appointed to the UN Global Compact Board—took part in the UN Global Compact Leaders Summit in June 2010 as we continued to actively lead on the global stage as Korea's CSR champion. As we look to the future, we are confident that our sound business practices will continue to enhance our ability to respond to the rapidly changing business environment as well as our reputation as a global ICT leader.

# Environmental Preservation

## 1



We are thinking green to deliver sustainable value to our local communities.

#### GROWING WITH GREEN TECHNOLOGY

With the enactment of Korea's Framework Act on Low Carbon, Green Growth in 2010, information and communications companies and the ICT infrastructure they provide have an increasingly important role to play the greening of individuals, cities, and industries. At SK Telecom, our comprehensive strategy for green growth encompasses the greening of our operations, supply chain, and consumer lifestyles as well as the development of new businesses with the potential to spur the greening of all industries. Under the guidance of the Green ICT Committee established in 2009, we formulated a corporate-wide environmental strategy in 2010. We also set up and completed third-party verification of the Korea telecom industry's first greenhouse gas inventory system. This system will enable us to significantly improve our ability to manage our carbon footprint going forward as well as progressively pursue new business opportunities in the field of enterprise productivity.

#### INCREASING GREEN AWARENESS

Our online introductory course on environmental management continued to increase employee awareness and adoption of eco-friendly practices in their daily tasks in 2010. We also involved our people in the creation of a corporate-wide environmental strategy, laying the foundation for us to become Korea's first telecom operator to complete and acquire third-party validation of a greenhouse gas inventory.

On a more practical level, we continued to progressively adopt and expand systems that will conserve resources and energy as we work to make green thinking a part of daily life. In 2010, we cut our monthly power consumption for lighting by 20% by installing smart lighting systems at our headquarters and three other company buildings. We continued to reduce the use of single-use disposable products, install water-saving equipment, expand the use of water-based natural cooling systems, cut server count with virtualization technology and upgrade to high-efficiency cooling equipment at our data centers, and install LED lighting in operational facilities.

In 2011, we plan to use our greenhouse gas inventory to set reduction targets for each area of our operations. We also plan to highlight environmental themes in our community volunteer programs as we continue to identify new ways to do our part to ensure a sustainable future.

#### DELIVERING GREENER CUSTOMER SERVICE

In recent years, we have found numerous ways to deliver better customer service with fewer resources such as paperless billing, remote equipment diagnostics, and online customer care. In 2010, we continued to cut our energy consumption by developing and deploying energy efficient repeaters. We also expanded our service coverage by installing eco-friendly solar- and wind-powered repeaters at 28 rural locations across Korea.

#### MAKING EVERYDAY LIFE GREENER

We are helping raise environmental consciousness and enhance sustainability in local communities with a variety of solutions ranging from remote management of public infrastructure such as streetlights to bus information systems that enhance commuter convenience. We also offer a wide selection of handy mobile solutions such as our T map navigation service that help customers conserve time and resources as we do our part to bring the green lifestyle into the mainstream.

# Win-Win Partnerships

## 2



We are working ever closer with our business partners as we strive to create open, collaborative relationships.

#### PARTNERING FOR GROWTH

As convergence and globalization have gained momentum, it has become increasingly difficult for companies to survive on their own. The tumultuous economic situation has also increased calls from society for big companies to partner with small and medium-size firms. In response to these needs, the SK Group announced its commitment to win-win partnerships and fair trading practices in 2008. The group also became the first in Korea to establish a group-wide consultative decision-making committee known as the SK Win-Win Committee to facilitate and strengthen this initiative. At SK Telecom, our culture of partnership is improving the competitiveness of our business partners as we work to strengthen the open, collaborative relationships we share.

#### ENHANCING PARTNER COMPETITIVENESS

We offer a variety of R&D and financial assistance programs as part of our commitment to helping our business partners sharpen their competitiveness. In 2010, we relocated and expanded our Mobile Device Test Center, doubling the capacity of this no-cost test-bed and technical support facility to accommodate up to 200,000 partner employees annually. A total of 12,000 developers have taken advantage of this facility to develop new products and services through 2010. We also provided developer loans totaling KRW 119 billion during 2010 through a number of support and incentive programs. We plan to expand these benefits to tier-two partners in 2011.

Our small and medium business partners rarely have the resources to support comprehensive training programs. In 2010, over 23,000 partner employees benefitted from the more than 100 online technical and marketing training courses we offer. For our most valuable partners, we offered over 10 offline training courses on IT and general business areas as part of our Advanced IT Management program. We also opened the T academy mobile technology training center during the year, running 127 courses that provided 3,300 partner employees with access to the latest, most-advanced technologies at no additional charge.

#### RAISING THE BAR FOR RESPONSIBILITY

Upholding high CSR standards across the value chain is an important mission as we strive to improve our own CSR performance. We offer our partners a number of online education programs covering sexual harassment prevention and ethics management to help raise awareness of human rights, labor standards, and corruption issues. We evaluate partners by our high internal CSR standards covering the environment, labor practices, and human rights. Based on the results of a CSR performance survey of all business partners conducted in late 2009, we continue to progressively expand our support programs to help our partners raise their CSR performance across the board.

#### STRENGTHENING OPEN COLLABORATION

We are embracing the Web 2.0 values of openness, collaboration, and sharing to create more win-win business opportunities for all. We have solicited ideas via our partner support site since 2008 to stay in tune with what our partners are thinking. Over the past three years, we have received over 300 ideas annually, three of which debuted as commercial products in 2010. We are also providing overseas public relations and marketing support for business partners with world-class technology to help them get a foothold in global markets.

#### BUILDING WINNING PARTNERSHIPS

We are working hard to create win-win partnerships built on fair and transparent business relationships. Since 2007, our Business Partner Satisfaction Index survey has helped us track partner satisfaction and progressively identify and remedy areas of weakness. In addition to fully complying with Korea Fair Trade Commission guidelines, we continue to manage and improve our partner support infrastructure by expanding channels of communication and our Open2U partner relationship management system as we build strong relationships of trust with each partner.

# Customer Protection

## 3



We are working to make mobile lifestyles more enjoyable, secure, and affordable for all.

#### MANAGING THE CUSTOMER EXPERIENCE

With the Korean wireless telecommunications market now at the saturation point and technologically mature, delivering a compelling and unique customer experience is becoming even more essential to continued growth. Focused on eliminating poor customer experiences and maximizing good ones, our customer experience management (CEM) system is tasked with implementing improvements in even the smallest things that might inconvenience customers to deliver a unique customer experience. These efforts helped us once again top the National Customer Satisfaction Index (NCSI) for a remarkable 13th straight year. We believe that CEM is the key to overcoming stagnation and generating new growth in today's competitive telecom marketplace.

#### SATISFYING OUR CUSTOMERS

In 2010, we once again innovated to reduce customer phone bills by introducing the Korean industry's first per-second billing system and unlimited data plans. We also continued to offer seven complementary value-added text and voice filtering and blocking services to prevent spam and voice phishing, dramatically reducing the volume of customer complaints.

We practice customer-oriented product life-cycle management from concept to retirement to ensure the highest possible level of customer satisfaction. All products or services must satisfy a number of customer-centric guidelines before launch, including mandatory approval screening by professional in-house screeners to ensure the best possible customer experience.

#### ENSURING CUSTOMER PRIVACY

Recent advances in information and communications technology have increased the risk of customer information misuse, abuse, and breaches. To tackle these issues, we have put in place numerous safeguards to protect customer privacy. We have instituted strict handling procedures for the customer information collection process backed by regular oversight and inspections. We have adopted an authentication system for internal customer data requests to actively prevent human or physical information breaches. We also use preventive risk management strategies such as crisis response training simulations to ensure we are able to quickly and effectively deal with incidents to minimize damage as we pursue our goal of zero customer data breaches.

#### BUILDING THE INFRASTRUCTURE FOR SATISFACTION

In July 2010, we transferred our outsourced customer service and base station maintenance and service operations to independent subsidiaries, resulting in a dramatic improvement in service quality. With a unique customer service infrastructure that includes incident-based agent assignment, a call-back system, a video-enabled call center, SNS-based customer service, a customer service group dedicated to smartphones, and a service-by-appointment system, we continue to build a modern customer service system that ensures total satisfaction.

# Community Involvement

## 4



We are using mobile technology to make the world a better, brighter place.

#### CREATING SUSTAINABLE HAPPINESS

Mobile services are one of the most important communications channels of modern life. As Korea's premier mobile operator, we are leveraging ICT technology to create sustainable happiness for local communities by being a leader in sharing and serving, expanding the social safety net, striving to improve communications between classes and generations, and ceaselessly working at home and abroad to empower the underprivileged to live and support themselves with dignity.

#### SHARING AND SERVING WITH TECHNOLOGY

Our mobile communications technology and infrastructure is doing a world of good. In addition to social safety net services that help locate missing persons, solicit emergency blood donations, and provide 24-hour text-counseling for troubled teens, we are taking the lead in promoting a culture of giving and volunteer service through our Share Your Love mobile donation program launched in 2004 and T together portal launched in 2009. Share Your Love showcases and solicits donations for over 20 major Korean NGOs, raising approximately KRW 104 million for these worthy causes in 2010. T together brought over 2,800 volunteers together during the year to help out with 47 programs focused on making life better for children from multicultural and low-income families. We also launched a Share Your Love smartphone app in November 2010, making it even easier to donate cash or loyalty program points to worthy causes.

#### BREAKING DOWN BARRIERS TO COMMUNICATION

Our employee and student volunteers are now providing training in mobile phone use to create a society where there are no barriers to communication between generations and classes. Our Sunny collegiate volunteer corps has partnered with the Korea Association of Senior Welfare Centers since 2007 to provide one-on-one training to help seniors learn how to use the text and multimedia messaging features of their mobile phones as part of the Happy Mobile World program. Over the past four years, the program has helped more than 5,000 seniors bridge the mobile generational divide and communicate more frequently with their children and grandchildren.

Since 2008, we have worked with Korea's Ministry of Unification to train North Korean defectors how to appropriately use mobile phones. In 2010, a group of 11 employee volunteers conducted a total of 20 classes for approximately 600 new citizens at Hanawon, the government resettlement center for defectors.

As a Korean telecom leader, we made a pledge to improve consumer welfare in April 2009. Our first project in this area was to develop specialized handsets with enhanced text-to-speech (TTS) features for the visually impaired. In July 2010, we distributed some 5,000 handsets featuring an advanced TTS app that provides convenient, low-cost access to daily newspapers and book content to low-income visually disabled individuals.

#### SHARING HAPPINESS AROUND THE GLOBE

We are working hard to fulfill our corporate social responsibilities by actively participating in efforts to resolve local social issues in places like China and Vietnam. In January 2008, we partnered with the Communist Youth League of China to create the SK Fund to sponsor educational programs such as Knowledge about Business (KAB) at universities and Creation Class at middle and high schools. We joined local residents of the city of Pengzhou in September 2009 for the opening of the Sichuan SK Happy School, giving new hope to primary school children and families that survived the deadly earthquake that struck Sichuan province in May 2008. Most recently, we partnered with the Happy Nanum Foundation of Korea and the Communist Youth League of China's China Guanghua Foundation in late September 2010 to launch the SK Sunny collegiate volunteer corps to foster a healthier future through volunteer service and cultural exchange. Modeled after our Sunny collegiate volunteer corps in Korea, SK Sunny China is currently composed of 100 students selected from nine universities in Beijing and Sichuan province. In October 2010, these volunteers began serving at four primary schools in low-income areas of Beijing and three SK Happy School primary schools in Sichuan.

We have also been very active in Vietnam over the years. In 2007, we established the SK Telecom IT Center in Ho Chi Minh City to help foster tomorrow's IT professionals. Since 2006, we have set up SK Telecom Libraries at major universities nationwide to provide a learning resource center for Vietnam's next generation. Last, but not least, our signature community involvement program—free corrective surgeries of congenital facial deformities—has helped put smiles back on the faces of a total of 2,905 Vietnamese children since 1996, significantly pre-dating our entrance into the local telecom market.

# Ethics Management

## 5



We are building the foundation for trust and sustainable growth with integrity.

#### MANAGING WITH INTEGRITY

The most fundamental role and responsibility businesses have to society is the ethical pursuit of profitability that leads to sustainable growth and development. Since establishing a comprehensive organizational framework for ethics management in 2004 and joining the UN Global Compact in 2007, we have steadily and systematically fostered a culture of integrity that measures up to global standards. Over the past few years, we have continued to strengthen monitoring of ethical issues, raise our standards of conduct, and improve guidance. In 2009, we launched a position-based ethics education program as we stepped up our workplace-centric focus on prevention. Beginning in 2011, we will be expanding the control self-assessment system to individual organizational units as we strive to cultivate ethical excellence in each and every employee.

#### PRACTICING EXCELLENCE IN ETHICS

Since adopting our code of ethics based on the SK Management System (SKMS) in 2002, we have implemented a code of conduct and decision-making guidelines to help our employees avoid unethical behavior. All employees begin each year by pledging to follow the SK code of ethics. We strive to instill a firm commitment to ethical excellence at all levels of management through education and dialogue as well as consistently communicating the importance of integrity to all employees through our in-house TV channel, webzines, and other mediums. We also provide practical, concrete guidelines for handling various ethical issues through question-and-answer format publications.

#### EDUCATION WITH INTEGRITY

Ongoing education plays a key role in our ethics management system. We offer online and offline education programs for our employees and business partners. Since the completion of ethics education for our entire workforce in 2007, we have shifted our focus to the organizational unit level to tackle the unique issues each unit faces and increase employee buy-in. We are now operating education programs tailored specifically for executives, incoming team leaders, group leaders, and new hires. As in 2010, we will be evaluating and giving feedback on ethical performance to each unit in 2011, empowering them to define their ethical issues and critically evaluate performance to raise the level of internal discipline as we aim to take our commitment to integrity to the next level.

#### ENHANCING ETHICAL OVERSIGHT

Our internal control system fully complies with the U.S. Sarbanes-Oxley Act. In addition to providing ethics counseling to employees, we operate a direct reporting system that forwards all reports of unfair trade or solicitation to the Audit Committee and Ethics Counseling Center for review. In 2011, we will step up publicity of ethical counseling services and reporting channels as well as improve whistleblower protections as we aim for a higher level of ethical excellence.

## CORPORATE MILESTONES

## Corporate Milestones

<b>Mar. 1984</b> Established as Korea Mobile Telecommunications Services Co., Ltd.	<b>Jan. 1998</b> Granted ISO 9002 certification for customer service and after-sales service, the first among Korean cellular service providers	<b>Oct. 2000</b> Entered into a cellular service contract with DCN, a mobile communications operator in the Republic of Daghestan	<b>Apr. 2002</b> Exported Nate platform to Pelephone, an advanced Israeli mobile communications operator	<b>Sep. 2003</b> Signed a MOU with TeliaSonera for jointly developing and commercializing new businesses	<b>Jan. 2005</b> Established a Korea's first continuous audit system
<b>Apr. 1988</b> Designated as a public telecommunications service operator	<b>Jun. 1998</b> Ranked first in the National Customer Satisfaction Index in the Mobile Communications Service category	<b>Dec. 2000</b> Obtained a service license for Asynchronous IMT-2000 (WCDMA)	<b>May 2002</b> Developed next-generation streaming video compression technology (H.26L)	<b>Oct. 2003</b> Established CapEx Review and Compensation Review committees	<b>Jan. 2005</b> Acquired a WiBro service license from the Ministry of Information and Communication
<b>Oct. 1989</b> Appeared on the Korea Stock Exchange for an initial public offering of KRW 6.4 billion	<b>Jun. 1998</b> SK Telink, SK Telecom's subsidiary, launched 00700 International Call services	<b>Mar. 2001</b> Sold radio paging business to Intec Telecom	<b>May 2002</b> Launched Automatic Roaming Service in the U.S.	<b>Nov. 2003</b> Formed a consortium to develop satellite DMB business	<b>Mar. 2005</b> Ranked the No. 1 brand in the National Customer Satisfaction Index for eight consecutive years
<b>Apr. 1992</b> Paging service subscribers surpassed 1 million	<b>Dec. 1998</b> SK Teletech, SK Telecom's subsidiary, launched by introducing its SKY handsets	<b>Mar. 2001</b> Established SK IMT Co., Ltd.	<b>Jul. 2002</b> Signed a MOU with China Unicom for the establishment of a joint venture company in China	<b>Dec. 2003</b> Launched WCDMA commercial service	<b>Apr. 2005</b> Offered Automatic Roaming Service in Indonesia
<b>Jun. 1994</b> SK Group became the major shareholder of the Korea Mobile Telecommunications Services Co., Ltd.	<b>Mar. 1999</b> Ranked first in the Mobile Communications Service category of the National Customer Satisfaction Index	<b>Apr. 2001</b> Launched wireless Internet services in Mongolia	<b>Sep. 2002</b> Credit rating upgraded to Baa1 from Baa2 by Moody's	<b>Dec. 2003</b> Provided a CDMA Automatic Roaming Service in Taiwan, Mexico and Peru	<b>May 2005</b> Exported the GPS-based safety service for children called 'i-Kids' to Europe
<b>Jan. 1995</b> Cellular phone and paging service subscribers reached 1 million and 4 million, respectively	<b>Jul. 1999</b> Launched "TTL," a cellular service directed at the youth market	<b>May 2001</b> Introduced the world's first commercial wireless streaming video service	<b>Oct. 2002</b> Showcased the revolutionary CDMA2000 1x EV-DO network in China	<b>Feb. 2004</b> Commercialized a next-generation streaming video compression technology	<b>Jun. 2005</b> Acquired 'A' (stable) rating from Fitch
<b>Feb. 1995</b> Unveiled 'MOVE 21'-the Company's vision for the 21st century	<b>Oct. 1999</b> Number of cellular subscribers reached 10 million	<b>Jun. 2001</b> Concluded a US \$1 million CDMA consulting agreement with China Unicom, covering network design, optimization, and other areas of CDMA technology	<b>Nov. 2002</b> Expanded the Automatic Roaming Service in China and the U.S.	<b>Mar. 2004</b> Celebrated 20th anniversary	<b>Jun. 2005</b> Won the 2005 corporate governance award from the Corporate Governance Service of Korea Exchange
<b>Jan. 1996</b> Launched the world's first commercial CDMA cellular phone service	<b>Mar. 2000</b> Formed strategic alliances with small & medium-sized telecommunications carriers to co-develop core IMT-2000 technology	<b>Aug. 2001</b> Completed the development of the world's first video telephony service using the CDMA2000 1X network	<b>Nov. 2002</b> Launched June, a mobile multimedia service	<b>Mar. 2004</b> Upgraded credit rating to A3 by Moody's	<b>Jun. 2005</b> Initiated video telephony calls between Korea and Japan
<b>Jun. 1996</b> ADRs listed on New York Stock Exchange - the first for a non-governmental Korean enterprise	<b>Mar. 2000</b> Completed the development of the world's first core components for IMT-2000	<b>Sep. 2001</b> Launched an IC chip-embedded Moneta Card, in affiliation with 5 major domestic credit card firms and SK Corporation	<b>Nov. 2002</b> Launched MONETA, a mobile payment service	<b>Apr. 2004</b> Launched a joint venture company named UNISK in China	<b>Aug. 2005</b> Selected as the pilot Jeju Telematics service provider in the second year project
<b>Jun. 1996</b> Credit rating of A+ awarded by Standard & Poor's	<b>Mar. 2000</b> Voted No. 1 for the second consecutive time in the Mobile Communications Service category of the National Customer Satisfaction Index	<b>Oct. 2001</b> Launched Nate, a wired and wireless integrated portal service	<b>Apr. 2003</b> Publicly demonstrated the commercialization of Wireless Internet Platform for Interoperability (WIPI)	<b>Apr. 2004</b> Started Digital Home Pilot Service	<b>Oct. 2005</b> SK-EarthLink disclosed a new company and brand called 'HELIO' in the U.S. market
<b>Jul. 1996</b> Credit rating of A1 awarded by Moody's	<b>Apr. 2000</b> Korea Fair Trade Commission approved the acquisition of Shinsegi Telecomm	<b>Jan. 2002</b> The Ministry of Information and Communications approved the merger between SK Telecom and Shinsegi Telecomm	<b>May 2003</b> Merged with SK IMT	<b>May 2004</b> Issued Convertible Notes worth US \$329 million in London	<b>Nov. 2005</b> Started the 'WCDMA Automatic Roaming' service all around France and Italy
<b>Mar. 1997</b> Changed name to SK Telecom Co.,Ltd., and unveiled a new corporate identity program at the 13th annual shareholders' meeting	<b>May 2000</b> Established a joint venture company with GameKing, China's biggest video game software development company	<b>Jan. 2002</b> Acquired a business license to operate a CDMA cellular service in Cambodia	<b>May 2003</b> Provided CDMA Automatic Roaming Service in Thailand and Saipan Island	<b>Jun. 2004</b> Offered the Automatic Roaming Service in Israel	<b>Dec. 2005</b> Received a Presidential Citation in recognition of executions of win-win partnerships with small, medium, and large-sized enterprises
<b>Sep. 1997</b> Completed development of IMT-2000 test-bed system	<b>Aug. 2000</b> Separated with NETSGO	<b>Jan. 2002</b> Launched the world's first commercial CDMA2000 1x EV-DO service	<b>Jun. 2003</b> Implemented Rainbow program for cellular subscribers	<b>Jul. 2004</b> Launched a wired and wireless integrated Cyworld portal	<b>Mar. 2006</b> Nate mobile search services topped 1 million a month
<b>Oct. 1997</b> Launched NETSGO, a multimedia online service	<b>Oct. 2000</b> Launched the world's first commercial service with CDMA2000 1X	<b>Mar. 2002</b> Pioneered CDMA-GSM interstandard international roaming service	<b>Jul. 2003</b> Launched commercial CDMA cellular service in Vietnam	<b>Jul. 2004</b> Exceeded US \$10 million in export sales of cellular ring back tone solution ColorRing	<b>Apr. 2006</b> SK Telecom and Ewha Womans University agreed to cooperate in building a ubiquitous or U-Campus
<b>Dec. 1997</b> Number of CDMA subscribers reached 3 million		<b>Apr. 2002</b> Launched Korea-Japan CDMA Automatic Roaming Service	<b>Jul. 2003</b> Received the Corporate Governance Award	<b>Aug. 2004</b> Exported wireless Internet platforms to Kazakhstan	<b>May 2006</b> Launched 'HELIO', a nationwide MVNO (Mobile Virtual Network Operator) service in the U.S., in a joint venture with Earthlink
			<b>Jul. 2003</b> Purchased 2.48 million Posco shares held by SK Corporation	<b>Sep. 2004</b> Announced the strategic partnership with KB to provide M-Bank Service	<b>May 2006</b> Introduced the world's first commercial HSDPA services and a HSDPA handset, under its new service brand '3G+'
			<b>Aug. 2003</b> CDMA 2000 1xEV-DO network-based June service subscribers reached 1 million	<b>Oct. 2004</b> Formed Ubinet consortium for BcN pilot project	
			<b>Aug. 2003</b> Launched MONETA Online Payment Service	<b>Oct. 2004</b> Secured over 100 thousand S-Fone service subscribers in Vietnam	
			<b>Sep. 2003</b> Completed the test of a Wireless Data Roaming service between Korea and China	<b>Nov. 2004</b> Launched a wired and wireless integrated music portal service called MelOn	
				<b>Nov. 2004</b> Started cellular ringback tone service business in the U.S.	

## CORPORATE MILESTONES

**Jun. 2006** Bought US\$ 1 billion worth of convertible bonds of China Unicom

**Jun. 2006** Commercialized WiBro access in selected areas of Seoul

**Jul. 2006** Debuted a key mobile telecommunications brand, called 'T'

**Jul. 2006** Stopped providing adult content on its services as part of continuing efforts to fulfill ethical responsibilities

**Aug. 2006** Signed first-ever MOU with China's National Development and Reform Commission (NDRC) on developing 3G telecommunications

**Sep. 2006** Began broadband wireless T login services that enable access to the HSDPA network for digital devices such as laptops

**Oct. 2006** Agreed to a strategic partnership for next-generation mobile browsing with Google

**Dec. 2006** Established a strategic alliance with Samsung Electronics for domestic and overseas market cooperation by supplying 20 types of handsets

**Feb. 2007** Joined the Bridge Mobile Alliance

**Mar. 2007** Launched nationwide HSDPA service after setting up a HSDPA network that covers 99% of the population

**Apr. 2007** Introduced a dual-mode device that supports HSDPA and WiBro simultaneously

**Apr. 2007** Debuted TD-SCDMA test-bed in Korea after establishing a TD-SCDMA Service Development Center in China in February 2007

**Apr. 2007** Selected as one of the "Best Employers in Asia" by the Wall Street Journal Asia and Hewitt Associates

**May 2007** Joined the UN Global Compact, an initiative that encourages businesses worldwide to adopt sustainable and socially responsible policies

**May 2007** Launched the world's first USIM-based credit card service in affiliation with LG Card

**Jun. 2007** Signed a MOU with Freemove, an alliance of leading telecom operators in Europe, in order to expand the WCDMA global roaming system

**Jun. 2007** Signed a MOU with the National Urban and Rural Research Center of the Vietnamese Ministry of Construction to establish a joint working group and cooperate on a u-City project

**Aug. 2007** By converting US \$1 billion CBs, became the second largest shareholder of China Unicom with 6.6% of shares

**Nov. 2007** Awarded the "Grand Prize in Business Ethics" by the Korean Academy of Business Ethics (KABE) for transparent governance, strong relationships with business partners and socially responsible contributions

**Dec. 2007** Signed an agreement to acquire Hanaro Telecom, the nation's second largest broadband service provider

**Dec. 2007** Established the world's first commercial HSUPA network, with speeds of up to 5.76Mbps

**Feb. 2008** Entered China's telematics market by acquiring a controlling stake of 65.53% in Shenzhen E-eye High Tech, a Chinese GPS company

**Feb. 2008** Launched 11 St, a new-concept online marketplace that lets users shop and share tips via the wired or the wireless Internet

**Mar. 2008** Signed an investment agreement with Taihe & Rye Music (TR Music), China's largest record company, to become an equal majority shareholder and enter one of the world's largest music markets

**Mar. 2008** Launched Mobile Money Ventures in partnership with Citi to develop mobile financial services and technologies

**May 2008** Advanced into the Chinese online game market by acquiring a 30% stake in Magic Tech Network, the Hong Kong-based company of Magicgrids Network

**Jun. 2008** Won the Award of Excellence in Corporate Governance from the Korea Corporate Governance Service (CGS) for two consecutive years

**Jun. 2008** Set the global standard for telematics technology when the Java Community Process Board adopted SK Telecom's technology, which enables remote-control automotive functions by mobile phone

**Jun. 2008** Became the second-largest shareholder of Virgin Mobile USA, with a 17% stake and two seats on the Board

**Sep. 2008** Ranked No. 1 in KCSI by the Korea Management Association Consulting in the Wireless Telecommunications category for eleven consecutive years

**Sep. 2008** Ranked No. 1 in KS-SQI by the Korean Standards Association in the Wireless Telecommunications category for nine consecutive years

**Sep. 2008** Recognized for excellence in global sustainability as a member of the 2008 Dow Jones Sustainability Indexes (DJSI), a first among Korean telecommunications companies

**Oct. 2008** Opened the T.um exhibition center at corporate headquarters in Seoul, the world's first mobile communications exhibition center

**Dec. 2008** Won KRW 300 billion contract from the Ministry of National Defense to lead a consortium to upgrade the armed forces' communications network

**Jan. 2009** Launched T cash, a USIM-based prepaid card service that supports automatic recharging when linked to a credit card

**Feb. 2009** Launched iTopping 2.0, a new and improved version of our online widget maker and organizer originally launched back in August 2008

**Apr. 2009** Signed an intelligent urbanization MOU with Cisco as part of a shared vision to help China's Sichuan region rebuild from the devastating earthquake of May 2008

**Apr. 2009** Launched Power Sales & Marketing, a subsidiary that will strengthen and complement existing sales channels

**May 2009** Signed a consulting agreement and letter of intent to invest with UAE-based Kulacom Broadband Investment Company to jointly pursue WiMAX projects in the Middle East and Eastern Europe

**May 2009** Acquired SK Networks's leased line business, raising the self-owned backhaul capacity ratio from 51% to over 90%

**Jun. 2009** Received the Global Telecoms Business Innovation Award for the successful roll-out of the industry's first video call center

**Jun. 2009** Relaunched wired-wireless Internet portal Nate.com with a new visual identity and direction in its 10th anniversary year

**Sep. 2009** Launched T store, Korea's first online marketplace where anyone can buy or sell mobile apps and content

**Oct. 2009** Signed a fixed-mobile convergence (FMC)-based mobile office deal with the Korea Meteorological Administration

**Oct. 2009** Launched Korea's first cell-network-based fixed-mobile substitution (FMS) service

**Dec. 2009** Approved the acquisition of a 49% stake in Hana Card for KRW 400 billion, opening the way for new products and synergies in the mobile payment space

**Jan. 2010** Unveiled a master plan to spur demand for mobile Internet services by making it as easy as possible for any Internet-enabled mobile device to access mobile content

**Feb. 2010** Selected by Korean steelmaker Posco to handle the fixed-mobile integration for a "work innovation" initiative to reduce logistics, facility, and energy costs as well as improve safety

**Mar. 2010** Reopened the T.um ICT experience center, Korea's first smartphone-enabled ICT showcase highlighting the present and future of mobile technology

**Mar. 2010** Opened T academy, a specialized developer training center dedicated to upgrading the competitiveness of Korea's mobile app industry

**Apr. 2010** Signed an MOU with Korea Exchange Bank to strategically collaborate to improve business productivity through financial and communications convergence

**Jun. 2010** Received the "Most Innovative Application of the Year" award for the T cash pre-paid card service at the 2010 Frost & Sullivan Asia Pacific ICT Awards

**Jun. 2010** Signed an agreement to purchase a USD 100 million equity stake in Malaysia's No. 1 WiMAX operator Packet One

**Jul. 2010** Improved service quality by transferring outsourced customer service and base station maintenance and repair operations to independent subsidiaries

**Jul. 2010** Announced fixed-mobile service "big bang" strategy with unlimited mobile data plans backed by investment in 3G, Wi-Fi, and LTE networks

**Sep. 2010** Launched TB Family Free bundles featuring free fixed-line services based on the number of wireless subscribers in a family

**Sep. 2010** Marked the first anniversary of T store, Korea's top mobile content delivery platform and the nexus of a thriving mobile app ecosystem

**Oct. 2010** Announced intention to become a global platform player with an emphasis on openness and partnerships

**Nov. 2010** Surpassed 3 million smartphone subscriber target for 2010 ahead of schedule thanks to a thriving app ecosystem, extensive smartphone lineup, and groundbreaking unlimited data plans

**Dec. 2010** Announced open API strategy, becoming the world's first mobile operator to open up service APIs to third-party developers

**Dec. 2010** Launched MelOn Indonesia, a joint-venture music download and streaming service in partnership with Indonesia's largest fixed-mobile operator Telkom



## Global Network

### SEOUL

#### SK Telecom Co., Ltd.

11, Euljiro 2-ga, Jung-gu,  
Seoul 100-999, Korea

Tel: 82-2-6100-2114

### SUNNYVALE

#### SK Telecom Americas, Inc.

100 Mathilda Place, Suite 230,  
Sunnyvale, CA 94086, USA

Tel: 1-408-328-2900

Fax: 1-408-328-2931

### LONDON

#### SK Telecom Europe, Ltd.

33 St. James's Square,  
London, SW1Y 4JS, UK

Tel: 44-207-661-9654

Fax: 44-207-661-9140

### BEIJING

#### SK Telecom China Holding Co., Ltd.

25th Floor, SK Tower,  
No. 6 Jia, Jian Guo Men Wai Avenue,  
Chao Yang District, Beijing 100022, China

Tel: 86-10-5920-7777

Fax: 86-10-5920-7722

### HO CHI MINH

#### SKT Vietnam Pte., Ltd.

9th Floor, Unit 902, Beautiful Saigon  
1 Building, No. 2 Nguyen Khac Vien Street,  
Tan Phu Ward, District 7, Ho Chi Minh City,  
Vietnam

Tel: 84-8-5413-6350

Fax: 84-8-5413-6344

### TOKYO

#### SK Telecom Co., Ltd.

Tokyo Office  
NBF Hibiya Bldg. 8F, 1-1-7 Uchisaiwai-Cho,  
Chiyoda-ku, Tokyo 100-0011, Japan

Tel: 81-3-3591-3800

Fax: 81-3-3591-3807

### JAKARTA

#### SK Telecom Co., Ltd.

Jakarta Office  
Bursa Efek Jakarta Tower-1, 15th Floor,  
Jl. Jend Sudirman Kav. 52-53,  
Jakarta 12190, Indonesia

Tel: 62-21-5140-2571

Fax: 62-21-5140-2573

## Investor Information

### CORPORATE HEADQUARTERS

SK Telecom Co., Ltd.

11, Euljiro 2-ga, Jung-gu,  
Seoul 100-999, Korea

Tel: 82-2-6100-2114

### DATE OF ESTABLISHMENT

March 29, 1984

### PAID IN CAPITAL

KRW 44,639 million

As of December 31, 2010

### NUMBER OF COMMON SHARES

80,745,711 Shares

As of December 31, 2010

### SECURITIES LISTINGS

Korea Stock Exchange: 017670.KS

(Common Stock)

New York Stock Exchange: SKM (ADS)

### TRANSFER AGENT AND REGISTRAR

Common Stock

Kookmin Bank

Securities Agency Business Department

36-3, Yeoido-dong, Yeongdeungpo-gu,

Seoul, Korea

Tel: 82-2-2073-8110

Fax: 82-2-2073-8111

### AMERICAN DEPOSITARY SHARES

Citibank, N.A.

388 Greenwich St., 14th Floor,

New York, NY 10013, USA

Tel: 1-212-816-6855

Fax: 1-212-816-6865

### AVAILABLE FILINGS

Form 20-F

Form 6-K: Quarterly Reports,

Proxy Statements, and other material

announcements

### ANNUAL GENERAL

#### SHAREHOLDERS' MEETING

Friday, March 11, 2011, at 10 AM

SK Telecom Boramae Building,

58, Boramae-gil, Gwanak-gu,

Seoul, Korea

### COMPANY WEBSITE

[www.sktelecom.com/eng/](http://www.sktelecom.com/eng/)

### INVESTOR RELATIONS

For investor inquiries,

Email: [irmeeting@sktelecom.com](mailto:irmeeting@sktelecom.com)

Or mail to: IR Team, SK Telecom

11, Euljiro 2-ga, Jung-gu,

Seoul 100-999, Korea

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