

SK TELECOM CO LTD  
Form 6-K  
September 15, 2010

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

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

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

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

Form 20-F  Form 40-F

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

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

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

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

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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

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SEMI-ANNUAL REPORT

(From January 1, 2010 to June 30, 2010)

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

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

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

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**I. COMPANY OVERVIEW**

**1. Company Overview**

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

B. Date of Incorporation: March 29, 1984

C. Location of Headquarters

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

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

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

D. Corporate Purpose of the Company

**Business Objectives**

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

**Table of Contents**E. Credit Ratings  
(1) Corporate Bonds

| <b>Credit rating date</b> | <b>Subject of rating</b> | <b>Credit rating</b> | <b>Credit rating entity<br/>(Credit rating range)</b> | <b>Rating classification</b> |
|---------------------------|--------------------------|----------------------|---|------------------------------|
| May 29, 2007              | Corporate bond           | AAA                  | Korea Ratings   | Regular rating               |
|                           | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Regular rating               |
| June 14, 2007             |                          |                      |   |                              |
| June 27, 2007             | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Regular rating               |
| November 5, 2007          | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
|                           | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| November 5, 2007          | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
| February 20, 2008         | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| February 21, 2008         | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
|                           | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| February 21, 2008         |                          |                      |   |                              |
| June 3, 2008              | Corporate bond           | AAA                  | Korea Ratings   | Regular rating               |
| June 17, 2008             | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Regular rating               |
|                           | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Regular rating               |
| June 30, 2008             |                          |                      |   |                              |
| October 20, 2008          | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| October 20, 2008          | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
|                           | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| October 20, 2008          |                          |                      |   |                              |
| January 13, 2009          | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| January 13, 2009          | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
|                           | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| January 13, 2009          |                          |                      |   |                              |
| February 23, 2009         | Corporate bond           | AAA                  | Korea Ratings   | Current rating               |
| February 23, 2009         | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Current rating               |
|                           | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Current rating               |
| February 23, 2009         |                          |                      |   |                              |
|                           | Corporate bond           | AAA                  | Korea Information Services,<br>Inc.                   | Regular rating               |
| June 24, 2009             |                          |                      |   |                              |
| June 26, 2009             | Corporate bond           | AAA                  | Korea Ratings   | Regular rating               |
| June 30, 2009             | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Regular rating               |
| June 22, 2010             | Corporate bond           | AAA                  | Korea Ratings   | Regular rating               |
| June 29, 2010             | Corporate bond           | AAA                  | Korea Investors Service, Inc.                         | Regular rating               |
| June 29, 2010             | Corporate bond           | AAA                  | NICE Investors Service Co, Ltd.                       | Regular rating               |

\* Rating definition: AAA  
The certainty of principal and interest payment is at the highest level with extremely low

investment risk,  
and is stable in  
that there is no  
influence of any  
environmental  
change under  
reasonable  
expectation  
conditions.

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## (2) Commercial Paper ( CP )

| <b>Credit rating date</b> | <b>Subject of rating</b> | <b>Credit rating</b> | <b>Credit rating entity<br/>(Credit rating range)</b> | <b>Rating classification</b> |
|---------------------------|--------------------------|----------------------|---|------------------------------|
| May 29, 2007              | CP                       | A1                   | Korea Ratings   | Current rating               |
|                           | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Current rating               |
| June 14, 2007             |                          |                      |   |                              |
| June 27, 2007             | CP                       | A1                   | Korea Investors Service, Inc.                         | Current rating               |
| November 5, 2007          | CP                       | A1                   | Korea Ratings   | Regular rating               |
|                           | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Regular rating               |
| November 5, 2007          |                          |                      |   |                              |
| November 5, 2007          | CP                       | A1                   | Korea Investors Service, Inc.                         | Regular rating               |
| June 3, 2008              | CP                       | A1                   | Korea Ratings   | Current rating               |
|                           | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Current rating               |
| June 16, 2008             |                          |                      |   |                              |
| June 17, 2008             | CP                       | A1                   | Korea Investors Service, Inc.                         | Current rating               |
| October 20, 2008          | CP                       | A1                   | Korea Ratings   | Regular rating               |
| October 20, 2008          | CP                       | A1                   | Korea Investors Service, Inc.                         | Regular rating               |
|                           | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Regular rating               |
| October 20, 2008          |                          |                      |   |                              |
|                           | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Current rating               |
| June 24, 2009             |                          |                      |   |                              |
| June 26, 2009             | CP                       | A1                   | Korea Ratings   | Current rating               |
| June 30, 2009             | CP                       | A1                   | Korea Investors Service, Inc.                         | Current rating               |
| December 15, 2009         | CP                       | A1                   | Korea Ratings   | Regular rating               |
| December 30, 2009         | CP                       | A1                   | Korea Investors Service, Inc.                         | Regular rating               |
|                           | CP                       | A1                   | Korea Information Services,<br>Inc.                   | Regular rating               |
| December 30, 2009         |                          |                      |   |                              |
| June 22, 2010             | CP                       | A1                   | Korea Ratings   | Current rating               |
| June 29, 2010             | CP                       | A1                   | Korea Investors Service, Inc.                         | Current rating               |
| June 29, 2010             | CP                       | A1                   | NICE Investors Service Co, Ltd.                       | Current rating               |

\* Rating definition: A1 Timely repayment capability is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable expectation conditions.



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## (3) International Credit Ratings

| <b>Date of credit rating</b> | <b>Subject of rating</b>   | <b>Credit rating of securities</b> | <b>Credit rating company (Credit rating range)</b> | <b>Rating type</b> |
|------------------------------|----------------------------|------------------------------------|--|--------------------|
| July 9, 2007                 | Global Bonds               | A                                  | Fitch (England)                                    | Current rating     |
| July 9, 2007                 | Global Bonds               | A2                                 | Moody s (U.S.A.)                                   | Current rating     |
| July 9, 2007                 | Global Bonds               | A                                  | S&P (U.S.A.)                                       | Current rating     |
| April 7, 2009                | Offshore Convertible Bonds | A                                  | Fitch (England)                                    | Current rating     |
| April 7, 2009                | Offshore Convertible Bonds | A2                                 | Moody s (U.S.A.)                                   | Current rating     |
| April 7, 2009                | Offshore Convertible Bonds | A                                  | S&P (U.S.A.)                                       | Current rating     |

**2. Company History**

## A. Location of Headquarters

- 22 Dohwa-dong, Mapo-gu, Seoul (July 11, 1988)
- 16-49 Hangang-ro 3-ga, Yongsan-gu, Seoul (November 19, 1991)
- 267 Namdaemun-ro 5-ga, Jung-gu, Seoul (June 14, 1995)
- 99 Seorin-dong, Jongro-gu, Seoul (December 20, 1999)
- 11 Euljiro 2-ga, Jung-gu, Seoul (December 13, 2004)

## B. Significant Changes in Management

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

## C. Other Important Matters related to Management Activities

## (1) Interim Dividends

In accordance with the resolution of the Board of Directors on July 22, 2010, the Company decided to distribute interim dividends.

- Amount of interim dividends: Cash dividends of 1,000 Won per share (Total amount of interim dividend: 72,344,999 thousand Won)

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- Market dividend rate: 0.61%
- Record date: June 30, 2010
- Dividend payment date: Within 20 days from the date of the resolution of the Board of Directors.

**(2) Acquisition of Treasury Stock**

In accordance with the resolution of the Board of Directors on July 22, 2010, the Company decided to buy back the shares of the Company (estimated total purchase price: 201,875,000 thousand Won, estimated purchase price per share: 161,500 Won) for the purpose of stabilizing stock price and enhancing shareholder value. The Company will acquire its shares from July 23, 2010 through October 22, 2010 and actual purchase price may be changed subject to the fluctuation of stock price in the future.

**3. Total Number of Shares****A. Total number of shares**

| (As of June 30, 2010)                              | Share type       | (Unit:<br>shares) |         |
|--|------------------|-------------------|---------|
| Classification                                     | Common<br>shares | Total             | Remarks |
| <b>I. Total number of authorized shares</b>        | 220,000,000      | 220,000,000       |         |
| <b>II. Total number of shares issued to date</b>   | 89,278,946       | 89,278,946        |         |
| <b>III. Total number of shares retired to date</b> | 8,533,235        | 8,533,235         |         |
| a. reduction of capital                            |                  |                   |         |
| b. retirement with profit                          | 8,533,235        | 8,533,235         |         |
| c. redemption of redeemable shares                 |                  |                   |         |
| d. others  |                  |                   |         |
| <b>IV. Total number of shares (II-III)</b>         | 80,745,711       | 80,745,711        |         |
| <b>V. Number of treasury shares</b>                | 8,400,712        | 8,400,712         |         |
| <b>VI. Number of shares outstanding (IV-V)</b>     | 72,344,999       | 72,344,999        |         |

On July 22, 2010, the Company publicly disclosed its decision to acquire shares of treasury stock. The Company plans to acquire 1,250,000 shares of its common stock on KRX from July 23, 2010 through October 22, 2010. As of August 15, 2010, the Company accumulatively acquired 338,000 shares of its common stock.

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## B. Treasury Stock

## (1) Acquisitions and Dispositions of Treasury Stocks

(As of June 30, 2010)

(Unit:  
Shares)

| Acquisition methods  | Type of shares  | At the beginning of | Changes      |              |             | At the end of | Remarks |
|--|---|---------------------|--------------|--------------|-------------|---------------|---------|
|  |   | period              | Acquired (+) | Disposed (-) | Retired (-) | period        |         |
| <b>Direct acquisition</b>                                      |   | 4,436,028           |              |              |             | 4,436,028     |         |
|  | pursuant to Article 165-2 of the Financial Investment Services and Capital Markets Act of Korea ( FSCMA ) |                     |              |              |             |               |         |
|  | Common shares   |                     |              |              |             |               |         |
|  | Preferred shares  |                     |              |              |             |               |         |
|  | based on reasons other than those stipulated in Article 165-2 of the FSCMA                                | 77,974              |              |              |             | 77,974        |         |
|  | Common shares   |                     |              |              |             |               |         |
| <b>Sub-total</b>   | Preferred shares  |                     |              |              |             |               |         |
|  | Common shares   | 4,514,002*          |              |              |             | 4,514,002*    |         |
|  | Preferred shares  |                     |              |              |             |               |         |
| <b>Indirect acquisition through trust and other agreements</b> | Common shares   | 3,886,710           |              |              |             | 3,886,710     |         |
|  | Preferred shares  |                     |              |              |             |               |         |
| <b>Total</b>   | Common shares   | 8,400,712           |              |              |             | 8,400,712     |         |
|  | Preferred shares  |                     |              |              |             |               |         |

\* Among 4,514,002 shares directly acquired by the Company, 1,999,997 shares were deposited with

the Korea  
Securities  
Depository as of  
March 31, 2010  
for issuance  
upon conversion  
of the overseas  
convertible  
bonds.

On July 22, 2010, the Company publicly disclosed its decision to acquire shares of treasury stock. The Company plans to acquire 1,250,000 shares of its common stock on KRX from July 23, 2010 through October 22, 2010. As of August 15, 2010, the Company accumulatively acquired 338,000 shares of its common stock.

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## (2) Retirement of Treasury Stock

(Unit: in millions of Won, Shares)

| Retired Date    | Retirement Purpose           | Type of Share    | Quantity Retired (shares) | Monetary Amount Retired (in millions of Won) | Acquisition Period of Retired Shares | Remarks |
|-----------------|------------------------------|------------------|---------------------------|--|--------------------------------------|---------|
| January 9, 2009 | Stabilization of Share Price | Common           |                           |  |                                      |         |
| <b>Total</b>    |                              | Common Preferred |                           |  |                                      |         |

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

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

**Investment  
Companies**

|              |         |   |    |         |   |
|--------------|---------|---|----|---------|---|
| <b>Total</b> | 982,000 | 4 | 10 | 982,000 | 4 |
|--------------|---------|---|----|---------|---|

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

(As of June 30, 2010)

(Unit: shares)

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

**5. Dividends and Others**

## A. Dividends

- (1) Distribution of cash dividends was approved during the 23rd General Meeting of Shareholders held on March 9, 2007.
  - Distribution of cash dividends per share of Won 7,000 (exclusive of an interim dividend of Won 1,000) was approved.
- (2) Distribution of interim dividends of Won 1,000 was approved during the 283rd Board of Directors Meeting on July 27, 2007.
- (3) Distribution of cash dividends was approved during the 24th General Meeting of Shareholders held on March 14, 2008.
  - Distribution of cash dividends per share Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.
- (4) Distribution of interim dividends of Won 1,000 was approved during the 295th Board of Directors Meeting on July 18, 2008.
- (5) Distribution of cash dividends was approved during the 25th General Meeting of Shareholders held on March 13, 2009.
  - Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.
- (6) Distribution of interim dividends of Won 1,000 was approved during the 305th Board of Directors Meeting on July 23, 2009.



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- (7) Distribution of cash dividends was approved during the 26th General Meeting of Shareholders held on March 12, 2010.
- Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.
- (8) Distribution of interim dividends of Won 1,000 was approved during the 318th Board of Directors Meeting on July 22, 2010.

**B. Dividends for the Last 3 Fiscal Years**

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

| <b>Classification</b>                               | <b>As of and for<br/>the six<br/>months<br/>ended June<br/>30,<br/>2010</b> | <b>As of and for<br/>the year ended<br/>December 31,<br/>2009</b> | <b>As of and for<br/>the year ended<br/>December 31,<br/>2008</b> |
|---|---|---|---|
| Par value per share (Won)                           | 500   | 500   | 500   |
| Net income  | 685,726   | 1,288,340   | 1,277,658   |
| Net income per share (Won)                          | 9,479   | 17,808  | 17,559  |
| Total cash dividend                                 | 72,345  | 680,043   | 681,996   |
| Total stock dividends                               |   |   |   |
| Percentage of cash dividend to available income (%) | 10.6  | 52.8  | 53.4  |
| Cash dividend yield ratio (%)                       |   |   |   |
| Common share  | 0.61  | 5.6   | 4.5   |
| Preferred share                                     |   |   |   |
| Stock dividend yield ratio (%)                      |   |   |   |
| Common share  |   |   |   |
| Preferred share                                     |   |   |   |
| Cash dividend per share (Won)                       |   |   |   |
| Common share  | 1,000   | 9,400   | 9,400   |
| Preferred share                                     |   |   |   |
| Stock dividend per share (share)                    |   |   |   |
| Common share  |   |   |   |
| Preferred share                                     |   |   |   |

\* Total cash dividend of Won 681,996 million for the year ended December 31, 2008 includes the total interim dividend amount of Won 72,793 million, and the cash

dividend  
amount per  
share of Won  
9,400 includes  
the interim cash  
dividend  
amount of Won  
1,000.

\* Total cash  
dividend of  
Won  
680,043 million  
for the year  
ended  
December 31,  
2009 includes  
the total interim  
dividend  
amount of Won  
72,345 million,  
and the cash  
dividend  
amount per  
share of Won  
9,400 includes  
the interim cash  
dividend  
amount of Won  
1,000.

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As of June 30, 2010, the number of domestic mobile phone subscribers reached 49.61 million and, with more than 100% penetration rate, the Korean mobile communication market can be considered to have reached its maturation stage. However, the penetration rate is expected to increase further due to increased use of mobile phones by corporate users resulting from the rapid growth of smart phone markets, as well as the increasing popularity of high-tech mobile devices based on wireless data services such as tablet PC.

The Korean mobile communications market continues to improve in the quality of services with the help of advances in network-related technology evidenced by the world's first commercialization of CDMA2000 1x, CDMA 1x EV-DO, and the development of highly advanced handsets, including various smart phones, that enable the provision of convergence services for multimedia contents, mobile commerce, telematics, satellite Digital Multimedia Broadcasting ( DMB ), digital home services, connected workforce services and other related services. In addition, through HSPA+ network to be commercialized within this year and the LTE network to be introduced from the next year, the industry productivity enhancement ( IPE ) business directly resulting in the enhancement of productivity, such as the corporate connected workforce business, is expected to grow rapidly.

**B. Growth Potential**

(Unit: 1,000 persons)

| Classification        |                     | As of            | As of December 31, |        |        |        |
|-----------------------|---------------------|------------------|--------------------|--------|--------|--------|
|                       |                     | June<br>30, 2010 | 2009               | 2008   | 2007   | 2006   |
| Number of subscribers | SK Telecom          | 25,146           | 24,270             | 23,032 | 21,968 | 20,271 |
|                       | Others (KT,<br>LGT) | 24,462           | 23,675             | 22,575 | 21,529 | 19,926 |
|                       | <b>Total</b>        | 49,609           | 47,944             | 45,607 | 43,497 | 40,197 |

(Source: Korea Communications Commission website)

**C. Domestic and Overseas Market Conditions**

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Although

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demand has primarily been in the domestic market, as the business territory expands to overseas market, the size of overseas sales is expected to grow in the near future. In addition, sales revenue related to data services is expected to increase due to the increasing popularity of smart phones and wireless Internet. Business-to-business segment that creates added values by adding additional solutions and applications is also growing. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries. Historical market share of the Company:

| Classification                | As of            | As of December 31, |      |      |
|-------------------------------|------------------|--------------------|------|------|
|                               | June 30,<br>2010 | 2009               | 2008 | 2007 |
| Mobile communication services | 50.7             | 50.6               | 50.5 | 50.5 |

Comparative market share:

(As of June 30, 2010)

| Classification | SK      |      |          |
|----------------|---------|------|----------|
|                | Telecom | KT   | LG Uplus |
| Market share   | 50.7    | 31.4 | 17.9     |

(Source: Korea Communications Commission website)

#### D. Business Overview and Competitive Strengths

The Company's revenue in the first half of 2010 amounted to Won 6,106.8 billion, an increase of Won 162.5 billion compared to the first half of 2009. This increase in revenue was meaningful since it was achieved despite a number of negative factors, including the charging of voice calls on a per-second basis from March 2010 and the reduction of sign-up fees by 28% from December 2009. Operating income in the first half of 2010 amounted to Won 1,062.5 billion, which was lower than the same period of 2009, due among others to the increase in marketing and depreciation expenses. In the first half of 2010, however, the Company achieved meaningful business performance such as securing 25 million subscribers in May 2010 for the first time. Net income in the first half of 2010 amounted to Won 685.7 billion, an increase of Won 57.3 billion from the same period of 2009.

In June 2010, the Company met the guideline set by the Korea Communications Commission that limits marketing expenses of mobile communication business operators to 22% of their revenue. The Company will comply with the guideline going forward, which will help stabilize the competition in the mobile service markets, while maintaining its competitive advantage based on fundamental

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strengths deriving from handsets, price plans, networks and contents. In addition, the Galaxy S handset introduced in the end of June 2010 has acquired over 500,000 subscribers in 33 days from its debut, due to the Company's marketing superiority, and broke all historical record of Korea handset sales, which reconfirmed the competitive edge of the Company in the field of smart phones. Wide penetration of smart phones has led to the vitalization of the Company's T-Store, which has grown rapidly in the numbers of subscribers, contents and downloads, enhancing the Company's competitiveness in the wireless data market.

As of June 30, 2010, the Company reached a subscriber number of approximately 25,150,000 and a 50.7% market share of the wireless market in Korea in terms of the number of subscribers. The Company plans to establish its leadership among users of smart phones by introducing various mobile platforms and streamlining the subscription process and pricing structures to enable subscribers to easily access their mobile content from multiple devices. The Company also plans to maintain its leadership in wireless Internet market by providing innovative user interface for content access and through investment in data networks, network sharing and support of the content production. In 2010, the Company intends to continue its efforts to seek growth in business-to-business markets, such as industry productivity enhancement ( IPE ) business in domestic and foreign markets. As IPE business creates added values by adding additional solutions and applications to the existing infrastructure, it is more cost effective compared to traditional business-to-business model. The Company's business-to-business sales in the first half of 2010 increased meaningfully from the same period of 2009.

The Company will also continue its efforts to become a global leader in information and communication technology. It plans to actively respond to secular changes such as the growing popularity of smart phones and wireless Internet, as well as gaining competitive strengths in the IPE business. In particular, the Company intends to pursue opportunities to grow the wireless broadband and IPE businesses in Korea and abroad. In case of overseas businesses, the Company will maintain its disciplined approach under its "Start Small Scale Fast" principle.

**2. Major Products & Services**

A. Updates on Major Products and Services

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| (Unit: in millions of Won, %)        |                   |               |                       |                          |                             |
|--------------------------------------|-------------------|---------------|-----------------------|--------------------------|-----------------------------|
| <b>Business fields</b>               | <b>Sales type</b> | <b>Item</b>   | <b>Specific Usage</b> | <b>Major trademarks</b>  | <b>Sales amount (ratio)</b> |
| <b>Information and communication</b> | Services          | Mobile        | Mobile Phone          | NATE, T store and others | 5,917,684(96.9%)            |
|                                      |                   | communication |                       |                          |                             |
|                                      |                   | Others        |                       | Others                   | 189,134(3.1%)               |

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

Previously, based on the Company's Basic Plan for monthly subscription, the basic service fee was Won 13,000 per month and the usage fee was Won 20 per 10 seconds and based on the Company's Standard Plan, basic service fee was Won 12,000 per month and the usage fee was Won 18 per 10 seconds. As of June 30, 2010, based on the Company's Standard Plan, basic service fee is Won 12,000 per month and the usage fee is Won 1.8 per 1 second.

**3. Investment Status****A. Investment in Progress**

| (Unit: in 100 millions of Won) |                          |                          |                              |  |                          |                                |                          |
|--------------------------------|--------------------------|--------------------------|------------------------------|--|--------------------------|--------------------------------|--------------------------|
| <b>Business field</b>          | <b>Classification</b>    | <b>Investment period</b> | <b>Subject of investment</b> | <b>Investment effect</b>                                       | <b>Total investments</b> | <b>Amount already invested</b> | <b>Future investment</b> |
| Network/Common                 | Upgrade/New installation | 2010                     | Network, systems and others  | Capacity increase and quality improvement; systems improvement | To be determined         | 3,736                          | To be determined         |
| <b>Total</b>                   |                          |                          |                              |  | To be determined         | 3,736                          | To be determined         |

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## B. Future Investment Plan

(Unit: in 100 millions of Won)

| Business field | Expected investment amount  |        | Expected investment for each year |                  |                  | Investment effect   |
|----------------|-----------------------------|--------|-----------------------------------|------------------|------------------|---|
|                | Asset type                  | Amount | 2010                              | 2011             | 2012             |   |
| Network/Common | Network, systems and others | 18,500 | 18,500                            | To be determined | To be determined | Upgrades to the existing services and provision of new services |
| <b>Total</b>   |                             | 18,500 | 18,500                            | To be determined | To be determined | Upgrades to the existing services and provision of new services |

## 4. Revenues

(Unit: in millions of Won)

| Business field                | Sales type | Item                 | First Half | 2009       | 2008       |            |
|-------------------------------|------------|----------------------|------------|------------|------------|------------|
|                               |            |                      | 2010       |            |            |            |
| Information and communication | Services   | Mobile communication | Export     |            |            |            |
|                               |            |                      | Domestic   | 5,917,684  | 11,820,202 | 11,492,832 |
|                               |            | Subtotal             | 5,917,684  | 11,820,202 | 11,492,832 |            |
|                               |            | Others               | Export     | 422        | 2,339      | 5,855      |
|                               |            |                      | Domestic   | 188,712    | 278,643    | 175,975    |
|                               |            | Subtotal             | 189,134    | 280,982    | 181,830    |            |
| Total                         |            | Export               | 422        | 2,339      | 5,855      |            |
|                               |            | Domestic             | 6,106,396  | 12,098,845 | 11,668,807 |            |
|                               |            | Total                | 6,106,818  | 12,101,184 | 11,674,662 |            |

## 5. Derivative Transactions

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

## A. Currency Swap

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

**Table of Contents****(2) Contract Terms****- Currency swap contract applying cash flow risk hedge accounting**

The Company has entered into a currency swap contract with three banks including Citibank in order to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds (face amounts totaling US\$300,000,000) issued on April 1, 2004. As of June 30, 2010, in connection with the unsettled foreign currency swap contract to which the cash flow risk hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 5,004,645,000 (excluding tax effect totaling Won 1,952,601,000 and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling Won 18,347,695,000) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a currency and interest rate swap contract with Credit Agricole Corporate & Investment Bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated floating rate long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of June 30, 2010, in connection with this unsettled currency and interest rate swap contract, an accumulated loss on valuation of derivatives amounting to Won 5,019,112,000 (excluding tax effect totaling Won 973,790,000 and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling Won 26,230 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a currency and interest rate swap contract with two banks including HSBC in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (56-2) with face amounts totaling JPY 12,500,000,000 issued on November 13, 2007. As of June 30, 2010, in connection with this unsettled currency and interest rate swap contracts, an accumulated loss on valuation of derivatives amounting to Won 175,585,000 (excluding tax effect totaling Won 1,576,167,000 and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling Won 66,516,501,000) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a currency and interest rate swap contract with two banks including DBS in order to hedge the foreign currency risk and interest rate risk of U.S. dollar denominated floating rate bonds with face amounts totaling US\$150,000,000 issued on November 20, 2008. As of June 30, 2010, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 4,557,249,000 (excluding tax effect totaling Won 1,454,952,000 and foreign exchange translation gain arising from U.S. dollar

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denominated bonds totaling Won 35,560,853,000) was accounted for as accumulated other comprehensive gain. In addition, the Company has entered into a currency and interest rate swap contract with Mizuho Corporate Bank in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (59-2) with face amounts totaling JPY 3,000,000,000 issued on January 22, 2009. As of June 30, 2010, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 1,912,486,000 (excluding tax effect totaling Won 539,419,000 and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling Won 5,195,228,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency and interest rate swap contract with The Bank of Tokyo-Mitsubishi in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds (60-2) with face amounts totaling JPY 5,000,000,000 issued on March 5, 2009. As of June 30, 2010, in connection with this unsettled currency and interest rate swap contract, an accumulated gain on valuation of derivatives amounting to Won 308,727,000 (excluding tax effect totaling Won 87,077,000 and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling Won 10,384,862,000) was accounted for as accumulated other comprehensive gain.

In addition, the Company has entered into a currency swap contract with six banks including Morgan Stanley to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds (with face amounts totaling US\$400,000,000) issued on July 20, 2007, and has applied cash flow risk hedge accounting to this foreign currency swap contract starting from May 12, 2010. Accordingly, as of June 30, 2010, in connection with this unsettled foreign currency swap contract, an accumulated gain on valuation of currency swap of Won 10,830,444,000 that has accrued since May 12, 2010 (excluding tax effect totaling Won 3,054,740,000 and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling Won 26,142,424,000) was accounted for as accumulated other comprehensive gain. Meanwhile, a loss on valuation of currency swap of Won 17,527,578,000 incurred prior to the date of applying cash flow risk hedge accounting in the first half of 2010 and a loss on valuation of currency swap of Won 64,533,708,000 for the first half of 2009, respectively, were charged to current operations.

**B. Interest Rate Swap**

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

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(2) Contract Terms

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

The Company has entered into an interest rate swap contract with three banks including Nonghyup Bank in order to hedge the interest rate risk of long-term borrowings (totaling Won 500 billion) borrowed between July 28, 2008 and August 13, 2008. As of June 30, 2010, in connection with unsettled interest rate swap contract to which the cash flow risk hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 10,575,915,000 (excluding tax effect totaling Won 2,982,950,000) was accounted for as accumulated other comprehensive loss.

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

The Company has entered into an interest rate swap contract with two banks including DBS in order to hedge the interest rate risk of floating rate foreign currency bonds with face amounts totaling US\$220,000,000 issued on April 29, 2009. In connection with this unsettled interest rate swap contract, losses on valuation of interest rate swap of Won 2,816,075,000 and Won 2,897,336,000 for the six months ended June 30, 2010 and June 30, 2009, respectively, were charged to current operations.

C. Currency Forward

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

(2) Contract Terms

- Currency forward contract to which the hedge accounting is not applied

The Company has entered into a currency forward contract with DBS in order to hedge the foreign currency risk of foreign currency account receivable totaling MYR 323,000,000 that the Company expected to collect on August 2, 2010. In connection with this unsettled currency forward contract, a loss on valuation of currency forward of Won 721,471,000 for the six months ended June 30, 2010 was charged to current operations.

**Table of Contents****6. Major Contracts**

| <b>Category</b>           | <b>Vendor</b>          | <b>Start Date</b> | <b>Completion Date</b> | <b>Contract Title</b>                             | <b>Contract Amount (Won 100M)</b> |
|---------------------------|------------------------|-------------------|------------------------|---|-----------------------------------|
| <b>Construction</b>       | SK E&C                 | January 1, 2010   | December 31, 2010      | 2010 Cell Site Facility Construction (Seoul Area) | 694                               |
|                           | SK E&C                 | January 1, 2010   | December 31, 2010      | 2010 RF Relay Facility Construction (Seoul Area)  | 420                               |
|                           | SK E&C                 | May 7, 2010       | December 31, 2010      | 2010 N/W Facility Construction (Daegu SORO)       | 151                               |
| <b>Service</b>            | SK C&C                 | January 1, 2010   | December 31, 2010      | 2010 IT SM Contract                               | 2,010                             |
|                           | TU Media, Ltd.         | January 1, 2010   | December 31, 2010      | 2010 Satellite DMB Collaboration Contract         | 916                               |
|                           | SK Marketing & Company | January 1, 2010   | December 31, 2010      | 2010 Membership Collaboration Program             | 691                               |
| <b>Product/ Equipment</b> | SK Telesys             | March 12, 2010    | December 24, 2010      | 2010 1st Optical Relay Facility Investment        | 314                               |
|                           | SK Telesys             | March 12, 2010    | December 24, 2011      | 2010 1st RF Relay Facility Investment             | 297                               |
|                           | Samsung Electronics    | May 31, 2010      | September 20, 2010     | 2010 2nd Main Equipment W 5/6FA UHPA Samsung      | 222                               |
|                           |                        |                   | <b>Subtotal</b>        |   | <b>5,715</b>                      |

\*

Selected among  
contracts  
exceeding Won  
15 billion.

**7. R&D Investments**

(Unit: in millions of Won)

| Category   | For the six<br>months<br>ended<br>June 30,<br>2010 | For the year<br>ended<br>December<br>31, 2009 | For the year<br>ended<br>December<br>31, 2008 | Remarks |
|--|--|---|---|---------|
| Raw material   | 12   | 55  | 89  |         |
| Labor  | 25,170   | 47,183  | 38,063  |         |
| Depreciation   | 69,102   | 134,201                                       | 138,512                                       |         |
| Commissioned service   | 28,121   | 69,750  | 85,837  |         |
| Others   | 19,028   | 39,593  | 34,540  |         |
| <b>Total R&amp;D costs</b>   | <b>141,434</b>                                     | <b>290,782</b>                                | <b>297,040</b>                                |         |
| Accounting Sales and administrative<br>expenses  | 140,471  | 288,997                                       | 293,443                                       |         |
| Development expenses (Intangible assets)   | 963  | 1,785   | 3,597   |         |
| <b>R&amp;D cost / sales amount ratio</b><br>(Total R&D costs / Current sales amount×100) | 2.32%  | 2.40%   | 2.54%   |         |

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**8. Other information relating to investment decisions**

**A. Trademark Policies**

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

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

**B. Business-related Intellectual Properties**

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

Table of Contents**III. FINANCIAL INFORMATION****1. Summary Financial Information (Non-consolidated)**

(Unit: in millions of Won)

| Classification / Fiscal Year                          | As of and for<br>the six<br>months ended | As of and for the year ended December 31, |              |              |              |
|---|--|---|--------------|--------------|--------------|
|   | June 30, 2010                            | 2009                                      | 2008         | 2007         | 2006         |
| <b>Current assets</b>                                 | 5,294,568                                | 4,983,052                                 | 3,990,503    | 4,094,059    | 4,189,325    |
| <b>Quick assets</b>                                   | 5,279,244                                | 4,960,396                                 | 3,976,576    | 4,075,378    | 4,172,887    |
| <b>Inventory</b>                                      | 15,324                                   | 22,656                                    | 13,927       | 18,681       | 16,438       |
| <b>Non-current assets</b>                             | 13,863,549                               | 14,314,581                                | 14,626,992   | 14,038,451   | 11,624,728   |
| <b>Investments</b>                                    | 5,059,707                                | 5,107,653                                 | 5,668,127    | 5,940,045    | 3,547,942    |
| <b>Property and Equipment</b>                         | 4,825,880                                | 5,196,521                                 | 4,698,214    | 4,594,413    | 4,418,112    |
| <b>Intangible assets</b>                              | 2,491,155                                | 2,665,936                                 | 2,941,592    | 3,174,942    | 3,405,158    |
| <b>Other non-current assets</b>                       | 1,486,807                                | 1,344,471                                 | 1,319,059    | 329,051      | 253,516      |
| <b>Total assets</b>                                   | 19,158,117                               | 19,297,633                                | 18,617,495   | 18,132,510   | 15,814,053   |
| <b>Current liabilities</b>                            | 3,807,231                                | 3,294,633                                 | 3,412,490    | 2,484,548    | 2,985,620    |
| <b>Non-current liabilities</b>                        | 4,155,234                                | 4,761,550                                 | 4,475,998    | 4,221,016    | 3,522,006    |
| <b>Total liabilities</b>                              | 7,962,466                                | 8,056,183                                 | 7,888,488    | 6,705,564    | 6,507,626    |
| <b>Capital</b>  | 44,639                                   | 44,639                                    | 44,639       | 44,639       | 44,639       |
| <b>Capital surplus</b>                                | 3,032,916                                | 3,032,009                                 | 2,957,095    | 2,954,829    | 2,962,699    |
| <b>Capital adjustment</b>                             | (-)2,709,256                             | (-)2,708,407                              | (-)2,147,530 | (-)2,072,486 | (-)2,019,568 |
| <b>Other Cumulative Profit and<br/>Loss</b>           | 790,034                                  | 913,919                                   | 373,784      | 1,594,099    | 473,904      |
| <b>Retained earnings</b>                              | 10,037,318                               | 9,959,290                                 | 9,501,018    | 8,905,865    | 7,844,753    |
| <b>Total stockholders equity</b>                      | 11,195,652                               | 11,241,450                                | 10,729,007   | 11,426,946   | 9,306,427    |
| <b>Sales</b>  | 6,106,818                                | 12,101,184                                | 11,674,662   | 11,285,900   | 10,650,952   |
| <b>Operating Income (or Loss)</b>                     | 1,062,532                                | 2,179,337                                 | 2,059,896    | 2,171,543    | 2,584,370    |
| <b>Income (or Loss) from<br/>continuing operation</b> | 685,726                                  | 1,288,340                                 | 1,277,658    | 1,642,451    | 1,446,598    |
| <b>Current Period's Net Income<br/>(or Loss)</b>      | 685,726                                  | 1,288,340                                 | 1,277,658    | 1,642,451    | 1,446,598    |

(Unit: Won)

| Classification / Fiscal Year      | For the six<br>months<br>ended | For the year ended December 31, |        |        |        |
|-----------------------------------|--------------------------------|---------------------------------|--------|--------|--------|
|                                   | June 30, 2010                  | 2009                            | 2008   | 2007   | 2006   |
| <b>Earnings per share</b>         | 9,479                          | 17,808                          | 17,559 | 22,607 | 19,734 |
| <b>Diluted earnings per share</b> | 9,336                          | 17,599                          | 17,395 | 22,289 | 19,458 |



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

(Unit: in millions of Won)

| Classification / Fiscal Year                                 | As of and for the year ended December 31, |              |              |              |              |
|--|---|--------------|--------------|--------------|--------------|
|  | 2009                                      | 2008         | 2007         | 2006         | 2005         |
| <b>Current assets</b>  | 6,370,631                                 | 5,422,447    | 4,813,072    | 4,663,962    | 4,598,580    |
| <b>Quick assets</b>  | 6,250,741                                 | 5,387,473    | 4,766,020    | 4,644,184    | 4,590,796    |
| <b>Inventory</b>   | 119,890                                   | 34,974       | 47,052       | 19,778       | 7,784        |
| <b>Non-current assets</b>                                    | 16,835,625                                | 17,051,224   | 14,235,863   | 11,576,006   | 10,106,193   |
| <b>Investments</b>   | 3,059,902                                 | 4,025,429    | 5,446,711    | 3,236,783    | 1,989,934    |
| <b>Property and Equipment</b>                                | 8,165,879                                 | 7,437,689    | 4,969,353    | 4,507,335    | 4,663,369    |
| <b>Intangible assets</b>                                     | 3,992,325                                 | 3,978,145    | 3,433,962    | 3,518,411    | 3,452,889    |
| <b>Other non-current assets</b>                              | 1,617,519                                 | 1,609,961    | 385,836      | 313,477      |              |
| <b>Total assets</b>  | 23,206,256                                | 22,473,671   | 19,048,935   | 16,239,968   | 14,704,772   |
| <b>Current liabilities</b>                                   | 4,894,936                                 | 4,628,821    | 3,016,874    | 3,208,416    | 2,863,373    |
| <b>Non-current liabilities</b>                               | 5,966,695                                 | 6,020,410    | 4,344,428    | 3,548,464    | 3,513,860    |
| <b>Total liabilities</b>                                     | 10,861,631                                | 10,649,231   | 7,361,302    | 6,756,880    | 6,377,233    |
| <b>Capital</b>   | 44,639                                    | 44,639       | 44,639       | 44,639       | 44,639       |
| <b>Capital surplus</b>                                       | 3,031,947                                 | 2,958,854    | 2,956,106    | 2,950,327    | 2,954,840    |
| <b>Capital adjustment</b>                                    | -2,746,885                                | (-)2,159,389 | (-)2,072,723 | (-)2,019,567 | (-)2,048,515 |
| <b>Other Cumulative Profit/Loss</b>                          | 915,306                                   | 356,192      | 1,591,258    | 490,010      |              |
| <b>Retained earnings</b>                                     | 9,909,752                                 | 9,448,185    | 8,914,970    | 7,847,434    | 7,267,649    |
| <b>Total stockholders equity</b>                             | 12,344,625                                | 11,824,440   | 19,048,935   | 9,483,088    | 8,327,540    |
| <b>Sales</b>   | 14,555,465                                | 13,995,924   | 11,863,357   | 11,027,977   | 10,721,820   |
| <b>Operating Profit (or Loss)</b>                            | 1,878,544                                 | 1,751,227    | 2,101,955    | 2,621,132    | 2,670,616    |
| <b>Profit (or Loss) from continuing operation before tax</b> | 1,400,498                                 | 1,260,366    | 2,285,765    | 2,021,578    | 2,561,567    |
| <b>Current Period's Net Profit</b>                           | 1,055,606                                 | 972,338      | 1,562,265    | 1,449,552    | 1,868,307    |
| <b>Net income attributable to majority interests</b>         | 1,247,182                                 | 1,215,719    | 1,648,876    | 1,451,491    | 1,872,978    |
| <b>Number of Consolidated Companies</b>                      | 29  | 35           | 26           | 18           | 17           |

\* See the attached Korean GAAP Consolidated Financial Statements.

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

**Six months ended  
June 30, 2010**

Deloitte Anjin LLC

**Year ended December 31,**

**2009**

Deloitte Anjin LLC

**2008**

Deloitte Anjin LLC

**2. Audit Opinion**

**Term**

**Auditor's opinion**

**Issues noted**

**Six months ended June 30, 2010**

**Year ended December 31, 2009**

**Year ended December 31, 2008**

Unqualified

Unqualified

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

(Unit: in thousands of Won)

| <b>Term</b>                                 | <b>Auditors</b>    | <b>Contents</b>                             | <b>Fee</b> | <b>Total hours</b> |
|---|--------------------|---|------------|--------------------|
| <b>Year ended<br/>December 31,<br/>2010</b> | Deloitte Anjin LLC | Semi-annual review                          |            |                    |
|   |                    | Quarterly review                            |            |                    |
|   |                    | Non-consolidated financial statements audit | 1,470,000  | 16,135             |
|   |                    | Consolidated financial statements audit     |            |                    |
|   |                    | IFRS-based financial statements review      |            |                    |
| <b>Year ended<br/>December 31,<br/>2009</b> | Deloitte Anjin LLC | Semi-annual review                          |            |                    |
|   |                    | Quarterly review                            |            |                    |
|   |                    | Non-consolidated financial statements audit | 1,308,356  | 13,982             |
|   |                    | Consolidated financial statements audit     |            |                    |
| <b>Year ended<br/>December 31,<br/>2008</b> | Deloitte Anjin LLC | Semi-annual review                          |            |                    |
|   |                    | Quarterly review                            |            |                    |
|   |                    | Non-consolidated financial statements audit | 1,310,097  | 13,346             |
|   |                    | Consolidated financial statements audit     |            |                    |

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

(Unit: in thousands of Won)

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

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|                       |  |        |        |
|-----------------------|--|--------|--------|
| September<br>28, 2007 | Review of deferred corporate income<br>tax for 1Q and 2Q | 6 days | 10,000 |
| September<br>28, 2007 | Tax consulting   | 5 days | 9,000  |
| December 31,<br>2007  | Review of deferred corporate income<br>tax for 3Q        | 2 days | 5,000  |
| December 31,<br>2007  | Tax consulting   | 3 days | 3,000  |

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**Table of Contents****V. MANAGEMENT DISCUSSION AND ANALYSIS**

Not required in quarterly and half year reports under the Korean disclosure rules.

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

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

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

| <b>Meeting</b>                                       | <b>Date</b>       | <b>Agenda</b>   | <b>Approval</b>      |
|--|-------------------|---|----------------------|
| <b>312<sup>nd</sup> (the first meeting of 2010)</b>  | January 27, 2010  | - Financial Statements as of and for the year ended December 31, 2009.                                | Approved as proposed |
|  |                   | - Annual Business Report as of and for the year ended December 31, 2009                               | Approved as proposed |
|  |                   | - Report for Internal Accounting Management System  |                      |
|  |                   | - Report for Subsequent Events following 4Q 2009  |                      |
| <b>313<sup>rd</sup> (the second meeting of 2010)</b> | February 11, 2010 | - Convocation of the 26 <sup>th</sup> Annual General Meeting of Shareholders                          | Approved as proposed |
|  |                   | - Result of Internal Accounting Management System Evaluation  |                      |
| <b>314<sup>th</sup> (the third meeting of 2010)</b>  | March 12, 2010    | - Appointment of Committee Members  | Approved as proposed |
|  |                   | - Fund Management Transaction with Affiliated Financial Company (SK Securities)                       | Approved as proposed |
|  |                   | - Establishment of SPC and Limited Partnership Agreement between SPC and Offshore Private Equity Fund | Approved as proposed |

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| <b>Meeting</b>  | <b>Date</b>    | <b>Agenda</b>  | <b>Approval</b>   |
|---|----------------|--|---|
| <b>315<sup>th</sup> (the fourth meeting of 2010)</b>  | April 26, 2010 | <ul style="list-style-type: none"> <li>- Establishment of SKT Customer Contact Channel Subsidiary</li> <li>- Establishment of SKT Cell Site Maintenance Subsidiary</li> <li>- Business Plan for Joint Venture with Disney</li> <li>- Acquisition of Additional WCDMA Frequency</li> <li>- Extension of KIF (Korea IT Fund) Maturity</li> <li>- Partial Disposition of Shares of IHQ, Inc.</li> <li>- Report for Subsequent Events following 1Q 2010</li> </ul> | <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> <p>Approved as proposed</p> |
| <b>316<sup>th</sup> (the fifth meeting of 2010)</b>   | May 26, 2010   | <ul style="list-style-type: none"> <li>- Investment in Packet One Networks</li> <li>- Investment in Harbinger Global Wireless (HGW)</li> </ul>   | <p>Approved as proposed</p> <p>Approved as proposed</p>   |
| <b>317<sup>th</sup> (the sixth meeting of 2010)</b>   | June 24, 2010  | <ul style="list-style-type: none"> <li>- Fund Management Transaction with Affiliated Financial Company (SK Securities)</li> <li>- Additional investment in network equipment in 2010</li> </ul>  | <p>Approved as proposed</p> <p>Approved as proposed</p>   |
| <b>318<sup>th</sup> (the seventh meeting of 2010)</b> | July 22, 2010  | <ul style="list-style-type: none"> <li>- Proposal for Interim Dividend</li> <li>- Proposal for acquisition of treasury stock</li> <li>- Financial performance during 1H 2010</li> <li>- Report for Subsequent Events following 2Q 2010</li> <li>- Performance review of compliance program for 1H 2010 and planning for 2H 2010</li> </ul>   | <p>Approved as proposed</p> <p>Approved as proposed</p>   |

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

(2) Independent Directors Activities at the Board of Directors Meetings

| <b>Meetings</b>                    | <b>Dates</b>      | <b>Independent Directors Attended</b> | <b>Description</b> |
|------------------------------------|-------------------|---------------------------------------|--------------------|
| <b>The first meeting of 2010</b>   | January 27, 2010  | 5 / 5                                 |                    |
| <b>The second meeting of 2010</b>  | February 11, 2010 | 5 / 5                                 |                    |
| <b>The third meeting of 2010</b>   | March 12, 2010    | 5 / 5                                 |                    |
| <b>The fourth meeting of 2010</b>  | April 26, 2010    | 5 / 5                                 |                    |
| <b>The fifth meeting of 2010</b>   | May 26, 2010      | 4 / 5                                 |                    |
| <b>The sixth meeting of 2010</b>   | June 24, 2010     | 5 / 5                                 |                    |
| <b>The seventh meeting of 2010</b> | July 22, 2010     | 5 / 5                                 |                    |



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## C. Committees within Board of Directors

## (1) Committee Structure

## a) Independent Director Nomination Committee

(As of August 16, 2010)

| <b>Number of<br/>Persons</b> | <b>Inside Directors</b>    | <b>Members<br/>Independent Directors</b> | <b>Remarks</b> |
|------------------------------|----------------------------|--|----------------|
| 4                            | Man Won Jung, Ki Haeng Cho | Rak Yong Uhm, Jae Ho Cho                 |                |

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

## b) Audit Committee

(As of August 16, 2010)

| <b>Number of<br/>Persons</b> | <b>Inside Directors</b> | <b>Members<br/>Independent Directors</b>                 | <b>Remarks</b> |
|------------------------------|-------------------------|--|----------------|
| 4                            |                         | Dal Sup Shim, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho |                |

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

## c) Compensation Review Committee

(As of August 16, 2010)

| <b>Number of<br/>Persons</b> | <b>Inside Directors</b> | <b>Members<br/>Independent Directors</b>                               | <b>Remarks</b> |
|------------------------------|-------------------------|--|----------------|
| 5                            |                         | Dal Sup Shim, Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung, Jae Ho Cho |                |

\* The Compensation Review Committee is a committee established by the resolution of the Board of Directors.

d) Capex Review Committee  
(As of August 16, 2010)

| Number of<br>Persons | Inside Directors | Members                                     |                       | Remarks |
|----------------------|------------------|---|-----------------------|---------|
|                      |                  |   | Independent Directors |         |
| 4                    | Ki Haeng Cho     | Dal Sup Shim, Rak Yong Uhm, Jay Young Chung |                       |         |

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\* The Capex Review Committee is a committee established by the resolution of the Board of Directors.  
 e) Corporate Citizenship Committee  
 (As of August 16, 2010)

| <b>Number of Persons</b> | <b>Inside Directors</b> | <b>Members</b>   | <b>Remarks</b> |
|--------------------------|-------------------------|--|----------------|
| 4                        | Ki Haeng Cho            | <b>Independent Directors</b><br>Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung |                |

\* The Corporate Citizenship Committee is a committee established by the resolution of the Board of Directors.  
 (2) Activities of the Committees of the Board of Directors (As of August 16, 2010)

| <b>Committee Name</b>                     | <b>Date of Activity</b> | <b>Agenda</b>   | <b>Approval</b>      | <b>Independent Directors</b>              |   |
|---|-------------------------|---|----------------------|---|---|
|   |                         |   |                      | <b>Rak Yong Uhm</b><br>(Attendance: 100%) | <b>Jae Ho Cho</b><br>(Attendance: 100%) |
|   |                         |   |                      | <b>Vote</b>                               |   |
| Independent Director Nomination Committee | February 11, 2010       | 26th General Meeting of Shareholders: Proposal to nominate an Independent Director Dal Sup Shim | Approved as Proposed | For                                       | For                                     |
|   | April 26, 2010          | Election of Chairman of Committee Man Won Jung  | Approved as Proposed | For                                       | For                                     |

**Independent Directors**  
**Dal Sup      Rak Yong      Jay Yung**

| <b>Committee Name</b> | <b>Date of Activity</b> | <b>Agenda</b>   | <b>Approval</b>         | <b>Shim<br/>(Attendance:<br/>100%)</b> | <b>Uhm<br/>(Attendance:<br/>100%)<br/>Vote</b> | <b>Chung<br/>(Attendance:<br/>100%)</b> |
|-----------------------|-------------------------|---|-------------------------|--|--|---|
| CapEx Committee       | February 10,<br>2010    | Business plan<br>and pending<br>agenda for<br>major<br>investment |                         |  |  |   |
|                       | March 11,<br>2010       | Business plan<br>and pending<br>agenda for<br>major<br>investment |                         |  |  |   |
|                       | April 26, 2010          | Election of<br>Chairman of<br>Committee<br>Rak Yong Uhm           | Approved as<br>proposed | For                                    | For  | For                                     |

\* Agendas filled  
in with hyphens  
are for reporting  
purpose only

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| Committee Name                | Date of Activity | Agenda  | Approval             | Independent Directors              |                                    |   |                                      |                                  |
|-------------------------------|------------------|---|----------------------|------------------------------------|------------------------------------|---|--------------------------------------|----------------------------------|
|                               |                  |   |                      | Dal Sup Shim<br>(Attendance: 100%) | Rak Yong Uhm<br>(Attendance: 100%) | Hyun Chin Lim<br>(Attendance: 100%)<br>Vote | Jay Yung Chung<br>(Attendance: 100%) | Jae Ho Cho<br>(Attendance: 100%) |
| Compensation Review Committee | April 26, 2010   | Election of Chairman of Committee Hyun Chin Lim | Approved as proposed | For                                | For                                | For   | For                                  | For                              |
|                               | July 21, 2010    | Committee administration                        |                      |                                    |                                    |   |                                      |                                  |

| Committee Name                  | Date of Activity | Agenda  | Approval             | Independent Directors              |  |                                      |
|---------------------------------|------------------|---|----------------------|------------------------------------|--|--------------------------------------|
|                                 |                  |   |                      | Rak Yong Uhm<br>(Attendance: 100%) | Hyun Chin Lim<br>(Attendance: 67%)<br>Vote | Jay Yung Chung<br>(Attendance: 100%) |
| Corporate Citizenship Committee | March 12, 2010   | Environment Friendly Business Plan<br>Result of Social Contribution Expenditures<br>Result and Plan for Win-Win Business Strategy |                      |                                    |  |                                      |
|                                 | April 23, 2010   | Election of Chairman of Committee Jay Young Chung<br>Status of Customer Protection<br>2010 Ethical Management Plan                | Approved as proposed | For                                | Absence                                    | For                                  |
|                                 | July 21, 2010    | Preparation of Greenhouse Gas Inventory<br>Operating System for Sustainability  |                      |                                    |  |                                      |

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\* Agendas filled  
in with hyphens  
are for reporting  
purpose only

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

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

- The Independent Director Nomination Committee. (As of August 16, 2010)

| <b>Name</b>  | <b>Independent Director</b> | <b>Remarks</b>  |
|--------------|-----------------------------|---|
| Man Won Jung | No                          |   |
| Ki Haeng Cho | No                          | o During the 314 <sup>th</sup> meeting of the Board of the Directors held on March 12, 2010, the Independent Director Nomination Committee was established. |
| Rak Yong Uhm | Yes                         | o Director Sung Min Ha submitted his resignation on March 12, 2010.   |
| Jae Ho Cho   | Yes                         | o Director Ki Haeng Cho was elected on March 12, 2010.  |

**2. Audit System**

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

Major activities of the Audit Committee are as follows.

| <b>Meeting</b>             | <b>Date</b>       | <b>Agenda</b>  | <b>Approval</b>  | <b>Remarks</b> |
|----------------------------|-------------------|--|--|----------------|
| The first meeting of 2010  | January 26, 2010  | o 2 <sup>nd</sup> half 2009 Management Audit Results<br>o Evaluation of Internal Accounting Controls based on the Opinion of the Members of the Audit Committee<br>o Reports on Internal Accounting Management System  | Approved as proposed   |                |
| The second meeting of 2010 | February 10, 2010 | o Reports on 2009 Korean GAAP Audit<br>o Report on Review of 2009 Internal Accounting Management System<br>o Evaluation of Internal Accounting Management System Operation<br>o Auditor's Report for Fiscal Year 2009  | Approved as proposed<br>Approved as proposed   |                |
| The third meeting of 2010  | March 11, 2010    | o 2Q 2010 Transactions with SK C&C Co., Ltd.<br>o Construction of Mobile Phone Facilities for 2010<br>o Construction of Network Facilities<br>o Purchase of Mobile Phone Relay Devices for 2010<br>o Resale of Fixed-line Telephone Services of SK Broadband | Approved as proposed<br>Approved as proposed<br>Approved as proposed<br>Approved as proposed |                |

- o Plan for Fund Management  
Transaction with Affiliated Company  
(SK Securities)
- o 2010 Management Audit Plan

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| <b>Meeting</b>  | <b>Date</b>    | <b>Agenda</b>   | <b>Approval</b>      | <b>Remarks</b> |
|-----------------|----------------|---|----------------------|----------------|
| The fourth      |                | o Election of the Chairman of Audit Committee                         | Approved as proposed |                |
| meeting of 2010 | April 26, 2010 | o Approval of Entire Auditor Services for 2010                        | Approved as proposed |                |
|                 |                | o Audit Plan for 2010   |                      |                |
|                 |                | o Auditor Fees for 2010   | Approved as proposed |                |
| The fifth       |                | o Purchase of Mobile Phone Relay Devices for 2010                     | Approved as proposed |                |
| meeting of 2010 | May 26, 2010   | o Construction of Mobile Phone Facilities for 2010                    | Approved as proposed |                |
|                 |                | o Construction of Transmission Network Facilities for 2010            | Approved as proposed |                |
|                 |                | o Outsourcing Mobile NATE business                                    | Approved as proposed |                |
| The sixth       |                | o 3Q 2010 Transactions with SK C&C Co., Ltd                           | Approved as proposed |                |
| meeting of 2010 | June 23, 2010  | o Consulting Service regarding Customer Contact Channel               | Approved as proposed |                |
|                 |                | o Base Station Maintenance Service                                    | Approved as proposed |                |
|                 |                | o Fund Management Transaction with Affiliated Company (SK Securities) | Approved as proposed |                |
|                 |                | o Reports on 2009 US GAAP Audit                                       | Approved as proposed |                |
| The seventh     |                | o 1 <sup>st</sup> half 2010 Financial Results                         |                      |                |
| meeting of 2010 | July 21, 2010  | o Report on Review on the 1 <sup>st</sup> half of 2010 Korean GAAP    |                      |                |

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

**3. Shareholders Exercises of Voting Rights****A. Voting System and Exercise of Minority Shareholders Rights**

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

| Articles of Incorporation              | Description  |
|--|--|
| Article 32 (3) (Election of Directors) | Cumulative voting under Article 382-2 of the Korean Commercial Code will not be applied for the election of directors. |

Article 4 of the 12<sup>th</sup> Supplement to the  
Articles of Incorporation (Interim  
Regulation)

Article 32 (3) of the Articles of Incorporation shall remain effective  
until the day immediately preceding the date of the general shareholders  
meeting of 2003.

Also, neither written or electronic voting system nor minority shareholder rights is applicable.

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**4. Affiliated Companies**

A. Capital Investments between Affiliated Companies

(As of July 1, 2010)

\* Based on common shares

| Investing company                 | Invested companies |              |              |              |              |              |             |              |               |               |              |
|-----------------------------------|--------------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|---------------|---------------|--------------|
|                                   | SK Corporation     | SK Energy    | SK Telecom   | SK Networks  | SK Chemicals | SKC          | SK C&C      | SK E&C       | SK Shipping   | SK E&S        | SK Gas       |
| SK Corporation                    |                    | 33.4%        | 23.2%        | 39.1%        |              | 42.5%        |             | 40.0%        | 89.8%         | 67.5%         | 45.5%        |
| SK Energy                         |                    |              |              |              |              |              |             |              |               |               |              |
| SK Telecom                        |                    |              |              |              |              |              | 9.0%        |              |               |               |              |
| SK Networks                       |                    |              |              |              |              |              |             |              |               |               |              |
| SK Chemicals                      |                    |              |              |              |              |              |             | 18.0%        |               |               |              |
| SKC                               |                    |              |              |              |              |              |             |              | 10.2%         |               |              |
| SK C&C                            | 31.8%              |              |              |              |              |              |             |              |               | 32.5%         |              |
| SK E&C                            |                    |              |              |              |              |              |             |              |               |               |              |
| SK E&S                            |                    |              |              |              |              |              |             |              |               |               |              |
| SK Gas                            |                    |              |              |              |              |              |             |              |               |               |              |
| SK Marketing & Company            |                    |              |              |              |              |              |             |              |               |               |              |
| SK D&D                            |                    |              |              |              |              |              |             |              |               |               |              |
| SK Communications                 |                    |              |              |              |              |              |             |              |               |               |              |
| SK Broadband                      |                    |              |              |              |              |              |             |              |               |               |              |
| SK Lubricant                      |                    |              |              |              |              |              |             |              |               |               |              |
| SK Securities                     |                    |              |              |              |              |              |             |              |               |               |              |
| SK Petrochemical                  |                    |              |              |              |              |              |             |              |               |               |              |
| Entec                             |                    |              |              |              |              |              |             |              |               |               |              |
| <b>Total affiliated companies</b> | <b>31.8%</b>       | <b>33.4%</b> | <b>23.2%</b> | <b>39.1%</b> | <b>0.0%</b>  | <b>42.5%</b> | <b>9.0%</b> | <b>58.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>45.5%</b> |

| Investing company      | Invested companies |                        |          |          |         |              |                    |             |        |           |
|------------------------|--------------------|------------------------|----------|----------|---------|--------------|--------------------|-------------|--------|-----------|
|                        | SK Securities      | SK Marketing & Company | SK Power | SK DOPCO | SK CCES | SK YN Energy | SK Daehan City Gas | SK Sci-tech | SK NJC | SK Telink |
| SK Corporation         |                    |                        | 100.0%   |          |         |              |                    |             |        |           |
| SK Energy              |                    |                        | 50.0%    | 38.3%    |         |              |                    |             |        |           |
| SK Telecom             |                    |                        | 50.0%    |          |         |              |                    |             |        | 90.8%     |
| SK Networks            | 22.7%              |                        |          | 4.6%     |         |              |                    |             |        |           |
| SK Chemicals           |                    |                        |          |          |         |              |                    | 50.0%       | 60.0%  |           |
| SKC                    | 7.7%               |                        |          |          |         |              |                    |             |        |           |
| SK C&C                 |                    |                        |          |          |         |              |                    |             |        |           |
| SK E&C                 |                    |                        |          |          |         |              |                    |             |        |           |
| SK E&S                 |                    |                        |          |          | 100.0%  | 100.0%       | 47.6%              |             |        |           |
| SK Gas                 |                    |                        |          |          |         |              |                    |             |        |           |
| SK Marketing & Company |                    |                        |          |          |         |              |                    |             |        |           |
| SK D&D                 |                    |                        |          |          |         |              |                    |             |        |           |
| SK Communications      |                    |                        |          |          |         |              |                    |             |        |           |
| SK Broadband           |                    |                        |          |          |         |              |                    |             |        |           |
| SK Lubricant           |                    |                        |          |          |         |              |                    |             |        |           |

**SK Securities**  
**SK Petrochemical**  
**Entec**  
**Total affiliated**  
**companies**

30.4% 100.0% 100.0% 42.9% 100.0% 100.0% 47.6% 50.0% 60.0% 90.8%

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| Investing company                 | Jeonnam       |               | Gangwon       |  | Invested companies |               |               | MRO           | SK              | Encar        |              |
|-----------------------------------|---------------|---------------|---------------|--|--------------------|---------------|---------------|---------------|-----------------|--------------|--------------|
|                                   | City          | City          |               |  | M & Service        | Chungnam City | SK City       | Korea         | Telesys network |              |              |
| SK Corporation                    |               |               |               |  |                    |               |               |               |                 |              |              |
| SK Energy                         |               |               |               |  |                    |               |               |               |                 | 87.5%        |              |
| SK Telecom                        |               |               |               |  |                    |               | 100.0%        |               |                 |              |              |
| SK Networks                       |               |               |               |  |                    |               |               | 51.0%         |                 |              |              |
| SK Chemicals                      |               |               |               |  |                    |               |               |               |                 |              |              |
| SKC                               |               |               |               |  |                    |               |               |               |                 | 77.1%        |              |
| SK C&C                            |               |               |               |  |                    |               |               | 100.0%        |                 |              |              |
| SK E&C                            |               |               |               |  |                    |               |               |               |                 |              |              |
| SK E&S                            | 100.0%        | 100.0%        | 100.0%        |  |                    | 100.0%        |               |               |                 |              |              |
| SK Gas                            |               |               |               |  |                    |               |               |               |                 |              |              |
| SK Marketing & Company            |               |               |               |  | 100.0%             |               |               |               |                 |              |              |
| SK D&D                            |               |               |               |  |                    |               |               |               |                 |              |              |
| SK Communications                 |               |               |               |  |                    |               |               |               |                 |              |              |
| SK Broadband                      |               |               |               |  |                    |               |               |               |                 |              |              |
| SK Lubricant                      |               |               |               |  |                    |               |               |               |                 |              |              |
| SK Securities                     |               |               |               |  |                    |               |               |               |                 |              |              |
| SK Petrochemical                  |               |               |               |  |                    |               |               |               |                 |              |              |
| Entec                             |               |               |               |  |                    |               |               |               |                 |              |              |
| <b>Total affiliated companies</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |  | <b>100.0%</b>      | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>51.0%</b>    | <b>77.1%</b> | <b>87.5%</b> |

| Investing company      | Invested companies |          | Invested companies |        | Invested companies |                  | SK               | SKC       | IHQ   |
|------------------------|--------------------|----------|--------------------|--------|--------------------|------------------|------------------|-----------|-------|
|                        | Paxnet             | TU Media | SK D&D             | Natrue | Loen Entertainment | SK Petrochemical | SK Mobile Energy | SKC Media |       |
| SK Corporation         |                    |          |                    |        |                    |                  |                  |           |       |
| SK Energy              |                    |          |                    | 33.7%  |                    | 100.0%           | 100.0%           |           |       |
| SK Telecom             | 59.7%              | 44.2%    |                    |        | 63.5%              |                  |                  |           | 37.1% |
| SK Networks            |                    |          |                    |        |                    |                  |                  |           |       |
| SK Chemicals           |                    |          |                    |        |                    |                  |                  |           |       |
| SKC                    |                    |          |                    |        |                    |                  |                  | 100.0%    |       |
| SK C&C                 |                    |          |                    |        |                    | 67.8%            |                  |           |       |
| SK E&C                 |                    |          | 45.0%              |        |                    |                  |                  |           |       |
| SK E&S                 |                    |          |                    |        |                    |                  |                  |           |       |
| SK Gas                 |                    |          |                    |        |                    |                  |                  |           |       |
| SK Marketing & Company |                    |          |                    |        |                    |                  |                  |           |       |
| SK D&D                 |                    |          |                    |        |                    |                  |                  |           |       |
| SK Communications      |                    |          |                    |        |                    |                  |                  |           |       |
| SK Broadband           |                    |          |                    |        |                    |                  |                  |           |       |
| SK Lubricant           |                    |          |                    |        |                    |                  |                  |           |       |
| SK Securities          |                    |          |                    |        |                    |                  |                  |           |       |
| SK Petrochemical       |                    |          |                    |        |                    |                  |                  |           |       |

**Entec  
Total affiliated  
companies**

59.7% 44.2% 45.0% 33.7% 63.5% 67.8% 100.0% 100.0% 100.0% 37.1%

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| Investing company                 | Invested companies |               |              |                |              |              |              |              |               |                                |              |
|-----------------------------------|--------------------|---------------|--------------|----------------|--------------|--------------|--------------|--------------|---------------|--------------------------------|--------------|
|                                   | NTREEV             | SK            | SK           | SK             | I            | SKC<br>Air   | SKN          | Nuri         | Commerce      | SKC<br>Solmics<br>Co.,<br>Ltd. |              |
| SK Corporation                    | Soft               | I-M           | Com          | Communications | Lubricant    | Platform     | Gas          | Service      | Solution      | Planet                         | RealVest     |
| SK Energy                         |                    |               |              |                | 100.0%       |              |              |              |               |                                |              |
| SK Telecom                        | 63.7%              |               | 64.8%        |                |              |              |              |              | 100.0%        |                                |              |
| SK Networks                       |                    |               |              |                | 66.7%        |              | 85.0%        |              |               |                                |              |
| SK Chemicals                      |                    |               |              |                |              |              |              |              |               |                                |              |
| SKC                               |                    |               |              |                |              | 80.0%        |              |              |               |                                | 48.7%        |
| SK C&C                            |                    |               |              |                |              |              |              | 46.3%        |               |                                |              |
| SK E&C                            |                    |               |              |                |              |              |              |              |               | 100.0%                         |              |
| SK E&S                            |                    |               |              |                |              |              |              |              |               |                                |              |
| SK Gas                            |                    |               |              |                |              |              |              |              |               |                                |              |
| SK Marketing & Company            |                    |               |              |                |              |              |              |              |               |                                |              |
| SK D&D                            |                    |               |              |                |              |              |              |              |               |                                |              |
| SK Communications                 |                    | 100.0%        |              |                |              |              |              |              |               |                                |              |
| SK Broadband                      |                    |               |              |                |              |              |              |              |               |                                |              |
| SK Lubricant                      |                    |               |              |                |              |              |              |              |               |                                |              |
| SK Securities                     |                    |               |              |                |              |              |              |              |               |                                |              |
| SK Petrochemical                  |                    |               |              |                |              |              |              |              |               |                                |              |
| Entec                             |                    |               |              |                |              |              |              |              |               |                                |              |
| <b>Total affiliated companies</b> | <b>63.7%</b>       | <b>100.0%</b> | <b>64.8%</b> | <b>100.0%</b>  | <b>66.7%</b> | <b>80.0%</b> | <b>85.0%</b> | <b>46.3%</b> | <b>100.0%</b> | <b>100.0%</b>                  | <b>48.7%</b> |

| Investing company      | Invested companies |           |           |           |           |         |                         |                             |        |                                       |        |
|------------------------|--------------------|-----------|-----------|-----------|-----------|---------|-------------------------|-----------------------------|--------|---------------------------------------|--------|
|                        | Sumray             | SK        | Broadband | Broadband | Broadband | Energy  | PyongTaek<br>UB<br>Care | Pana<br>Blu<br>Co.,<br>Ltd. | WS     | Namwon<br>Sarang<br>Electric<br>Power | Incyto |
| SK Corporation         | Corporation        | Broadband | Media     | D&M       | CS        | Service |                         |                             |        |                                       |        |
| SK Energy              |                    |           |           |           |           |         |                         |                             |        |                                       |        |
| SK Telecom             |                    | 50.6%     |           |           |           |         |                         |                             |        |                                       |        |
| SK Networks            |                    |           |           |           |           |         |                         |                             | 100.0% |                                       |        |
| SK Chemicals           |                    |           |           |           |           | 44.0%   |                         |                             |        |                                       |        |
| SKC                    | 53.7%              |           |           |           |           |         |                         |                             |        |                                       | 100.0% |
| SK C&C                 |                    |           |           |           |           |         |                         |                             |        |                                       |        |
| SK E&C                 |                    |           |           |           |           |         |                         |                             |        |                                       |        |
| SK E&S                 |                    |           |           |           |           |         | 100.0%                  |                             |        |                                       |        |
| SK Gas                 |                    |           |           |           |           |         |                         | 80.4%                       |        |                                       |        |
| SK Marketing & Company |                    |           |           |           |           |         |                         |                             |        |                                       |        |
| SK D&D                 |                    |           |           |           |           |         |                         |                             |        | 100.0%                                |        |

|                                   |       |        |        |        |        |       |        |       |        |        |        |
|-----------------------------------|-------|--------|--------|--------|--------|-------|--------|-------|--------|--------|--------|
| <b>SK Communications</b>          |       |        |        |        |        |       |        |       |        |        |        |
| <b>SK Broadband</b>               |       | 100.0% | 100.0% | 100.0% |        |       |        |       |        |        |        |
| <b>SK Lubricant</b>               |       |        |        |        |        |       |        |       |        |        |        |
| <b>SK Securities</b>              |       |        |        |        |        |       |        |       |        |        |        |
| <b>SK Petrochemical</b>           |       |        |        |        |        |       |        |       |        |        |        |
| <b>Entec</b>                      |       |        |        |        |        |       |        |       |        |        |        |
| <b>Total affiliated companies</b> | 53.7% | 50.6%  | 100.0% | 100.0% | 100.0% | 44.0% | 100.0% | 80.4% | 100.0% | 100.0% | 100.0% |

**Invested companies**

|                                   | <b>Jeju</b>   | <b>Daejeon</b> | <b>MKS</b>      | <b>PS &amp;</b> | <b>SK</b>        | <b>Green</b>  | <b>SK</b>    | <b>Gwangju</b> | <b>Korea</b>   |
|-----------------------------------|---------------|----------------|-----------------|-----------------|------------------|---------------|--------------|----------------|----------------|
|                                   | <b>United</b> | <b>Pure</b>    | <b>Guarante</b> | <b>Zico</b>     | <b>Marketing</b> | <b>Forest</b> | <b>Bio</b>   | <b>Seentec</b> | <b>Sleep</b>   |
| <b>Investing company</b>          | <b>FC</b>     | <b>Water</b>   | <b>Water</b>    | <b>Water</b>    | <b>Water</b>     | <b>Water</b>  | <b>Water</b> | <b>Water</b>   | <b>Network</b> |
| <b>SK Corporation</b>             |               |                |                 |                 |                  |               |              |                |                |
| <b>SK Energy</b>                  | 100.0%        |                |                 |                 |                  |               |              |                |                |
| <b>SK Telecom</b>                 |               |                |                 | 100.0%          |                  |               |              |                |                |
| <b>SK Networks</b>                |               |                |                 |                 |                  |               |              |                |                |
| <b>SK Chemicals</b>               |               |                |                 |                 |                  |               | 100.0%       |                | 43.2%          |
| <b>SKC</b>                        |               |                |                 |                 |                  |               |              |                |                |
| <b>SK C&amp;C</b>                 |               |                |                 |                 |                  |               |              |                |                |
| <b>SK E&amp;C</b>                 |               | 32.0%          |                 |                 |                  | 100.0%        |              |                | 31.7%          |
| <b>SK E&amp;S</b>                 |               |                |                 |                 |                  |               |              |                |                |
| <b>SK Gas</b>                     |               |                |                 |                 |                  |               | 69.0%        |                |                |
| <b>SK Marketing &amp; Company</b> |               |                |                 |                 |                  |               |              |                |                |
| <b>SK D&amp;D</b>                 |               |                | 100.0%          |                 |                  |               |              |                |                |

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| Investing company                     | Invested companies   |                          |                  |        |                   |              |              |               |                                   |                  |
|---------------------------------------|----------------------|--------------------------|------------------|--------|-------------------|--------------|--------------|---------------|-----------------------------------|------------------|
|                                       | Jeju<br>United<br>FC | Daejeon<br>Pure<br>Water | MKS<br>Guarantee | Zicos  | PS &<br>Marketing | SK<br>Forest | Green<br>Bio | SK<br>Seentec | Korea<br>Gwangju<br>Pure<br>Water | Sleep<br>Network |
| SK Communications                     |                      |                          |                  | 100.0% |                   |              |              |               |                                   |                  |
| SK Broadband                          |                      |                          |                  |        |                   |              |              |               |                                   |                  |
| SK Lubricant                          |                      |                          |                  | 100.0% |                   |              |              |               |                                   |                  |
| SK Securities                         |                      |                          |                  |        |                   |              |              |               |                                   |                  |
| SK Petrochemical<br>Entec             |                      |                          |                  |        |                   |              |              |               | 10.7%                             |                  |
| <b>Total affiliated<br/>companies</b> | 100.0%               | 32.0%                    | 100.0%           | 100.0% | 100.0%            | 100.0%       | 69.0%        | 100.0%        | 31.7%                             | 53.9%            |

| Investing company                     | Invested companies<br>Television |                              |       |                |  |
|---------------------------------------|----------------------------------|------------------------------|-------|----------------|--|
|                                       | Jeju<br>Entec                    | Yeosu<br>Expo<br>Environment | SKW   | Media<br>Korea |  |
| SK Corporation                        |                                  |                              |       |                |  |
| SK Energy                             |                                  |                              |       |                |  |
| SK Telecom                            |                                  |                              |       | 49.0%          |  |
| SK Networks                           |                                  |                              |       |                |  |
| SK Chemicals                          | 25.0%                            |                              |       |                |  |
| SKC                                   |                                  |                              | 60.0% |                |  |
| SK C&C                                |                                  |                              |       |                |  |
| SK E&C                                | 25.0%                            |                              |       |                |  |
| SK E&S                                |                                  |                              |       |                |  |
| SK Gas                                |                                  |                              |       |                |  |
| SK Marketing &<br>Company             |                                  |                              |       |                |  |
| SK D&D                                |                                  |                              |       |                |  |
| SK Communications                     |                                  |                              |       |                |  |
| SK Broadband                          |                                  |                              |       |                |  |
| SK Lubricant                          |                                  |                              |       |                |  |
| SK Securities                         |                                  |                              |       |                |  |
| SK Petrochemical<br>Entec             |                                  | 58.7%                        |       |                |  |
| <b>Total affiliated<br/>companies</b> | 50.0%                            | 58.7%                        | 60.0% | 49.0%          |  |

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

(As of June 30, 2010)

(Unit: Shares, %)

| Name                  | Relationship                  | Type of share | Number of shares owned and ownership ratio |                 |                  |                 |
|-----------------------|-------------------------------|---------------|--|-----------------|------------------|-----------------|
|                       |                               |               | Beginning of Period                        |                 | End of Period    |                 |
|                       |                               |               | Number of shares                           | Ownership ratio | Number of shares | Ownership ratio |
| <b>SK Corporation</b> | Largest Shareholder           | Common share  | 18,748,452                                 | 23.22           | 18,748,452       | 23.22           |
| <b>Tae Won Chey</b>   | Officer of affiliated company | Common share  | 100  | 0.00            | 100              | 0.00            |
| <b>Shin Won Chey</b>  | Officer of affiliated company | Common share  | 500  | 0.00            | 500              | 0.00            |
| <b>Shin Bae Kim</b>   | Officer of affiliated company | Common share  | 1,270                                      | 0.00            | 1,270            | 0.00            |
| <b>Man Won Jung</b>   | Officer of affiliated company | Common share  | 4,000                                      | 0.00            | 5,500            | 0.01            |
| <b>Sung Min Ha</b>    | Officer of affiliated company | Common share  | 738  | 0.00            | 738              | 0.00            |
| <b>Bang Hyung Lee</b> | Officer of affiliated company | Common share  | 200  | 0.00            | 200              | 0.00            |
| <b>Total</b>          |                               | Common share  | 18,755,260                                 | 23.23           | 18,756,760       | 23.23           |

On July 20, 2010, Man Won Jung, the CEO of the Company, purchased additional 100 common shares, increasing his total shareholding to 5,600 common shares.

**B. Overview of the Largest Shareholder**

SK Corporation is a holding company and as of June 30, 2010, has nine subsidiaries: SK Energy Co., Ltd., SK Telecom Co., Ltd., SK Networks Co., Ltd., SK E&C Co., Ltd., SK E&S Co., Ltd., K-Power Co., Ltd., SK Shipping Co., Ltd., SKC Co., Ltd. and SK Gas Co., Ltd. SK Corporation also operates a life science business division within its holding company to nurture the division for future growth.

Details of SK Corporation's subsidiaries are as follows:

| Affiliates                   | Share Holdings | Book Value | Industry             | Description     |
|------------------------------|----------------|------------|----------------------|-----------------|
| <b>SK Energy Co., Ltd.</b>   | 33.40%         | 4,068,131  | Energy               | Publicly Listed |
| <b>SK Telecom Co., Ltd.</b>  | 23.22%         | 2,799,156  | Telecommunication    | Publicly Listed |
| <b>SK Networks Co., Ltd.</b> | 39.12%         | 1,194,173  | Trading, Energy Sale | Publicly Listed |

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| <b>Affiliates</b>            | <b>Share Holdings</b> | <b>Book Value</b> | <b>Industry</b>               | <b>Description</b> |
|------------------------------|-----------------------|-------------------|-------------------------------|--------------------|
| <b>SK E&amp;S Co., Ltd.</b>  | 67.55%                | 421,899           | Gas Company Holdings          | Privately Held     |
| <b>SK E&amp;C Co., Ltd.</b>  | 40.02%                | 399,858           | Construction                  | Privately Held     |
| <b>SK Shipping Co., Ltd.</b> | 89.80%                | 337,730           | Ocean Freight                 | Privately Held     |
| <b>K-Power Co., Ltd.</b>     | 100.00%               | 505,798           | Power Generation              | Privately Held     |
| <b>SKC Co., Ltd.</b>         | 42.50%                | 271,614           | Synthetic Resin Manufacturing | Publicly Listed    |
| <b>SK Gas Co., Ltd.</b>      | 45.53%                | 235,428           | Gas                           | Publicly Listed    |

\* The above share holdings are based on common stock holdings as of June 30, 2010.

SK Corporation is a publicly listed company and is required to submit a report of its significant business activities in accordance with Article 161 of the Financial Investment Services and Capital Markets Act. Also as a holding company, SK Corporation is required to report key management activities of its subsidiaries in accordance with Article 8 of KOSPI Market Disclosure Regulation. The rule is applicable to subsidiaries whose book value of the holding company's shareholding exceeds 10% of its total assets based on the financial statements as of December 31, 2009. SK Energy Co., Ltd., SK Telecom Co., Ltd. and SK Networks Co., Ltd. are three such subsidiaries.

## 2. Changes in shareholdings of the Largest Shareholder

Changes in shareholdings of the largest shareholder are as follows.

(Unit: Shares, %)

| <b>Largest Shareholder</b> | <b>Date of the change in the largest shareholder/<br/>Date of change in shareholding</b> | <b>Shares Held</b> | <b>Holding Ratio</b> | <b>Remarks</b>   |
|----------------------------|--|--------------------|----------------------|--|
| <b>SK Corporation</b>      | March 7, 2008  | 18,751,260         | 23.09                | Purchased 1,085,325 shares from SK Networks on March 7, 2008   |
|                            | March 13, 2009   | 18,751,360         | 23.22                | At the 25 <sup>th</sup> General Meeting of Shareholders, elected the CEO, Man Won Jung (who owned 100 shares of the Company stock) |
|                            | December 30, 2009  | 18,755,260         | 23.23                | Man Won Jung, the CEO, purchased 3,900 shares.   |
|                            | May 26, 2010   | 18,756,760         | 23.23                | Man Won Jung, the CEO, purchased 1,500 shares  |

On July 20, 2010, Man Won Jung, the CEO of the Company, purchased additional 100 common shares, increasing his total shareholding to 5,600 common shares.

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

parties.

**Table of Contents****3. Distribution of Shares**

## A. Shareholders with ownership of 5% or more

(As of June 30, 2010)

(Unit: shares, %)

| Rank | Name (title)   | Common share     |                 | Preferred share  |                 | Sub-total        |                 |
|------|----------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|
|      |                | Number of shares | Ownership ratio | Number of shares | Ownership ratio | Number of shares | Ownership ratio |
| 1    | Citibank ADR   | 24,321,893       | 30.12           |                  |                 | 24,321,893       | 30.12           |
| 2    | SK Corporation | 18,748,452       | 23.22           |                  |                 | 18,748,452       | 23.22           |
| 3    | SK Telecom     | 8,400,712        | 10.40           |                  |                 | 8,400,712        | 10.40           |
|      | <b>Total</b>   | 51,471,077       | 63.74           |                  |                 | 51,471,077       | 63.74           |

On July 22, 2010, the Company publicly disclosed its decision to acquire shares of treasury stock. The Company plans to acquire 1,250,000 shares of its common stock on KRX from July 23, 2010 through October 22, 2010. As of August 15, 2010, the Company accumulatively acquired 338,000 shares of its common stock.

## B. Shareholdings under the Employee Stock Ownership Program

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

(As of June 30, 2010)

(Unit: Shares)

| Classification | Account classification                          | Type of share | Balance at the beginning of period | Balance at the end of period |
|----------------|---|---------------|------------------------------------|------------------------------|
|                |   |               |                                    |                              |
| 8th            | Employee Stock Ownership Program Member Account | Common shares | 350,268                            | 346,322                      |
|                | <b>Total</b>                                    |               | 350,268                            | 346,322                      |

## C. Shareholder Distribution

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(As of June 30, 2010)

| <b>Classification</b>  | <b>Number of<br/>shareholders</b> | <b>Ratio<br/>(%)</b> | <b>Number of<br/>shares</b> | <b>Ratio<br/>(%)</b> | <b>Remarks</b> |
|--|-----------------------------------|----------------------|-----------------------------|----------------------|----------------|
| <b>Total minority shareholders</b>   | 43,030                            | 99.98                | 24,746,975                  | 30.64                |                |
| <b>Minority shareholders (corporate)</b>                                       | 877                               | 2.04                 | 6,342,398                   | 7.85                 |                |
| <b>Minority shareholders (individual)</b>                                      | 42,153                            | 97.94                | 18,404,577                  | 22.79                |                |
| <b>Minority shareholders<br/>(Largest Shareholder and Related<br/>Persons)</b> |                                   |                      |                             |                      |                |
| <b>Major shareholders</b>  |                                   |                      |                             |                      |                |
| <b>Total other shareholders</b>  | 9                                 | 0.02                 | 55,998,736                  | 69.35                |                |
| <b>Other shareholders (corporate)</b>  | 6                                 | 0.01                 | 12,110,715                  | 15.00                |                |
| <b>Other shareholders (individual)</b>   | 2                                 | 0.01                 | 25,139,569                  | 31.13                |                |
| <b>Other shareholders<br/>(Largest Shareholder and Related<br/>Persons)</b>    | 1                                 | 0.00                 | 18,748,452                  | 23.22                |                |
| <b>Total</b>   | 43,039                            | 100                  | 80,745,711                  | 100                  |                |

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

## A. Domestic Securities Market

(Unit: Won, shares)

| Types                         |         | June<br>2010 | May<br>2010 | April<br>2010 | March<br>2010 | February<br>2010 | January<br>2010 |
|-------------------------------|---------|--------------|-------------|---------------|---------------|------------------|-----------------|
| Common<br>stock               | Highest | 169,500      | 173,500     | 178,000       | 181,000       | 179,500          | 188,000         |
|                               | Lowest  | 160,500      | 158,500     | 171,500       | 170,500       | 172,500          | 168,500         |
| Monthly transaction<br>volume |         | 4,026,382    | 3,964,993   | 4,547,803     | 5,930,499     | 4,069,784        | 8,158,161       |

## B. Overseas Securities Market

## New York Stock Exchange

(Unit: US\$, ADR)

| Types                         |         | June<br>2010 | May<br>2010 | April<br>2010 | March<br>2010 | February<br>2010 | January<br>2010 |
|-------------------------------|---------|--------------|-------------|---------------|---------------|------------------|-----------------|
| Depository<br>Receipt         | Highest | 16.24        | 18.44       | 18.51         | 17.78         | 17.33            | 18.33           |
|                               | Lowest  | 14.73        | 15.27       | 17.45         | 16.66         | 16.32            | 16.48           |
| Monthly transaction<br>volume |         | 35,760,628   | 31,223,014  | 26,691,304    | 31,245,982    | 25,609,380       | 29,907,572      |

**VIII. EMPLOYEES**

(As of June 30, 2010)

(Unit: persons, in millions of Won)

| Classification | Number of employees               |                         |        |       | Average<br>service<br>year | Aggregate<br>wage for<br>2010 1H | Average<br>wage<br>per<br>person | Remarks |
|----------------|-----------------------------------|-------------------------|--------|-------|----------------------------|----------------------------------|----------------------------------|---------|
|                | Office<br>managerial<br>positions | Production<br>positions | Others | Total |                            |                                  |                                  |         |
| Male           | 3,844                             |                         |        | 3,844 | 12.1                       | 129,976                          | 34                               |         |
| Female         | 619                               |                         |        | 619   | 10.0                       | 16,693                           | 26                               |         |
| Total          | 4,463                             |                         |        | 4,463 | 11.8                       | 146,669                          | 33                               |         |

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

(As of June 30, 2010)

(Unit: in millions of Won)

| Name<br>(Corporate<br>name) | Relationship          | Account<br>category               | Beginning | Change details<br>IncreaseDecrease | Ending | Accrued<br>interest | Remarks |
|-----------------------------|-----------------------|-----------------------------------|-----------|------------------------------------|--------|---------------------|---------|
| SK Wyverns                  | Affiliated<br>company | Long-term and<br>short-term loans | 2,982     |                                    | 2,982  | 133                 |         |

(Unit: in millions of Won)

| Name<br>(Corporate<br>Name)            | Relationship       | Types of<br>Investment | Investment and Disposal Details<br>Transaction Details |          |          |         | End of<br>Period | Remarks |
|--|--------------------|------------------------|--|----------|----------|---------|------------------|---------|
|  |                    |                        | Beginning<br>of Period                                 | Increase | Decrease |         |                  |         |
| PS&Marketing                           | Affiliated company | Common Shares          | 150,000  | 80,000   |          | 230,000 |                  |         |
| SKT Americas,<br>Inc.                  | Affiliated company | Common Shares          | 30,457   | 28,036   |          | 58,493  |                  |         |
| SK Telecom China<br>Holdings Co., Ltd. | Affiliated company |                        | 29,595   | 4,656    |          | 34,251  |                  |         |
| Service Ace                            | Affiliated company | Common Shares          | 0  | 21,927   |          | 21,927  |                  |         |
| Service Top                            | Affiliated company | Common Shares          | 0  | 14,281   |          | 14,281  |                  |         |
| Network O&S                            | Affiliated company | Common Shares          | 0  | 15,000   |          | 15,000  |                  |         |
| YTK Investment<br>Ltd.                 | Affiliated company |                        | 0  | 28,000   |          | 28,000  |                  |         |
|  | Total              |                        | 210,052  | 191,900  |          | 401,952 |                  |         |

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

## A. Transfer of Assets

(Units: in millions of Won)

| Name<br>(Corporate Name)                     | Relation-<br>Ship     | Transferred<br>Objects        | Purpose of<br>Transfer         | Details              |   | Remarks |
|--|-----------------------|-------------------------------|--------------------------------|----------------------|---|---------|
|  |                       |                               |                                | Date of<br>Transfer  | Amount<br>Transferred<br>From Largest<br>Shareholder<br>to Largest<br>Shareholder |         |
| Encar Network<br>Co., Ltd.                   | Affiliated<br>Company | Automobiles                   | Sale of automobiles not in use | February<br>25, 2010 |   | 236     |
| SK Telesys<br>PS &<br>Marketing Co.,<br>Ltd. | Affiliated<br>Company | 2G devices not<br>in use      | Sale of devices not in use     | March 31,<br>2010    |   | 381     |
| SK Broadband<br>Encar Network<br>Co., Ltd.   | Affiliated<br>Company | Network asset                 | Sale of asset not in use       | March 31,<br>2010    |   | 83      |
| SK Telesys                                   | Affiliated<br>Company | Used asset                    | Sale of asset not in use       | April 23,<br>2010    |   | 18      |
| SK Networks                                  | Affiliated<br>Company | Automobiles                   | Sale of automobiles not in use | May 19,<br>2010      |   | 101     |
|  | Affiliated<br>Company | 2G devices not<br>in use      | Sale of devices not in use     | June 30,<br>2010     |   | 54      |
|  | Affiliated<br>Company | Handset devices<br>not in use | Sale of asset not in use       | June 23,<br>2010     |   | 144     |
|  |                       | Total                         |                                |                      |   | 1,017   |

## B. Transfer of Business

(Units: in millions of Won)

| Name<br>(Corporate Name) | Relation<br>-ship | Transferred<br>Objects | Purpose of<br>Transfer | Details             |   | Remarks |
|--------------------------|-------------------|------------------------|------------------------|---------------------|---|---------|
|                          |                   |                        |                        | Date of<br>Transfer | Amount<br>Transferred<br>From Largest<br>Shareholder<br>to Largest<br>Shareholder |         |
|                          |                   | Total                  |                        |                     |   |         |

**Table of Contents****3. Transactions with Parties with Interests (excluding the Largest Shareholder and Related Persons)****A. Provisional Payment and Loans (including loans on marketable securities)**

Agents (Unit: in millions of Won)

| Name<br>(Corporate<br>name) | Relationship | Account<br>category               | Beginning | Change details |          | Ending | Accrued<br>interest | Remarks |
|-----------------------------|--------------|-----------------------------------|-----------|----------------|----------|--------|---------------------|---------|
|                             |              |                                   |           | Increase       | Decrease |        |                     |         |
| Hong Eun and<br>others      | Agency       | Long-term and<br>short-term loans | 73,490    | 137,454        | 122,314  | 88,630 |                     |         |

Overseas Investment Companies (Unit: in millions of Won)

| Name<br>(Corporate<br>name)     | Relationship                      | Account<br>category | Beginning | Change details |          | Ending | Accrued<br>interest | Remarks |
|---------------------------------|-----------------------------------|---------------------|-----------|----------------|----------|--------|---------------------|---------|
|                                 |                                   |                     |           | Increase       | Decrease |        |                     |         |
| Daehan Kanggun BcN<br>Co., Ltd. | Overseas<br>Investment<br>company | Long-term<br>loans  |           | 17,592         |          | 17,592 |                     |         |

**B. Equity Investments**

(Unit: in millions of Won)

**Investment and Disposition Details****Transaction Details**

| Name (Corporate<br>Name)                      | Relation-ship                   | Category         | Beginning<br>of |          |          | End of |         | Remarks |
|---|---------------------------------|------------------|-----------------|----------|----------|--------|---------|---------|
|   |                                 |                  | Period          | Increase | Decrease | Period |         |         |
| HanaSK Card Co., Ltd.                         | Investee under equity<br>method | Common<br>shares |                 | 402,476  |          |        | 402,476 |         |
| SK Telecom Smart City<br>Management Co., Ltd. | Investee under equity<br>method | Common<br>shares |                 | 1,709    |          |        | 1,709   |         |
| SK Fans Co., Ltd.                             | Investee under equity<br>method | Common<br>shares |                 | 1,125    |          |        | 1,125   |         |
| Translink Capital L.L.C.                      | Investee                        | Common<br>shares |                 | 233      |          |        | 233     |         |

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| Name (Corporate Name)           | Relation-ship | Category        | Investment and Disposition Details |          |          | End of Period | Remarks |
|---------------------------------|---------------|-----------------|------------------------------------|----------|----------|---------------|---------|
|                                 |               |                 | Beginning of Period                | Increase | Decrease |               |         |
| Skylake Global Incubest Fund #1 | Investee      | Common shares - | 1,679                              | 25       |          | 1,704         |         |
| Sprint Nextel Corp.             | Investee      | Common shares   | 75,363                             |          | 38,621   | 36,742        |         |
| Infinity Telecom                | Investee      | Common shares   |                                    | 240      |          | 240           |         |
| Job Creating PEF (#1)           | Investee      | Common shares   |                                    | 1        |          | 1             |         |
|                                 | Total         |                 | 77,042                             | 405,809  | 38,621   | 444,230       |         |

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

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

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

| Date   | Agenda  | Resolution  |
|--|---|---|
| 23 <sup>rd</sup> Fiscal Year Meeting of Shareholders (March 9, 2007) | 1. Approval of the financial statements for the year ended December 31, 2006<br>2. Remuneration limit for Directors<br>3. Election of Directors<br>- Election of inside directors<br>- Election of independent directors as Audit Committee members | Approved (Cash dividend, Won 7,000 per share)<br>Approved (Won 12 billion)<br>Approved (Jung Nam Cho, Sung Min Ha)<br>Approved (Dal Sup Shim) |

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

**2. Contingent Liabilities**

## A. Material Legal Proceedings

- Not applicable

## B. Other Matters

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

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

**A. Status of sanctions**

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

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

On September 2, 2009, the Korea Communications Commission ordered the Company to improve its work procedures in a case relating to the obstruction of subscribers' utilization of wireless internet services. The Company completed the improvement of the procedures in consultation with the Korea Communications Commission by December 8, 2009.

On October 13, 2009, the Korea Communications Commission imposed on the Company a fine of Won 140 million and a newspaper notice order in a case relating to the subscription for mobile telephone services using national identification numbers of the deceased and the Company's failure to verify the required documents. The Company implemented the improved work procedures to strengthen identification process at the time of subscription for mobile telephone services in January 2010.

In addition, on January 21, 2009, the Company was sanctioned for unfair business practices with a fine of Won 1,268 million by the Fair Trade Commission of Korea along with a correctional order of its policy of restricting certain rate plan subscribers from using third party portal contents. The Company has paid the fine and has taken efforts to educate applicable divisions of the issue and to improve the level of the voluntary compliance program to comply with fair trade laws to prevent a repeat of the same violation.

Also on February 3, 2009, the Company received a correctional order and a fine of Won 500 million from the Fair Trade Commission of Korea involving an unfair trade interference practice including refusal of applications for subscription for certain PDA phones distributed by third party manufacturers. The Company filed a suit at the Seoul High Court, which found in favor of the

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Company and cancelled the Fair Trade Commission's correctional order and fine. The Fair Trade Commission of Korea filed an appeal from the judgment on May 26, 2010 and the suit is currently pending at the Supreme Court of Korea.

On April 8, 2010, the Company received a correctional order from the Fair Trade Commission of Korea for a violation of the Act on Fair Labeling and Advertising relating to 11<sup>th</sup> Street (the Company's online shopping mall). In response thereto, the Company has been taking efforts to prevent a repetitive violation including thorough pre-review of the advertisement and marketing activities of 11<sup>th</sup> Street and appropriate education for relevant employees.

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

***NON-CONSOLIDATED FINANCIAL STATEMENTS***

***FOR THE THREE MONTHS AND SIX MONTHS***

***ENDED JUNE 30, 2010 AND 2009***

***AND INDEPENDENT ACCOUNTANTS REVIEW REPORT***

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**Independent Accountants' Review Report**

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

We have reviewed the accompanying non-consolidated statement of financial position of SK Telecom Co., Ltd. (the Company) as of June 30, 2010, the related non-consolidated statements of income for the three months and six months ended June 30, 2010 and 2009, and non-consolidated statements of changes in stockholders' equity and cash flows for the six months ended June 30, 2010 and 2009, all expressed in Korean won. These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these non-consolidated financial statements based on our reviews.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the non-consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the non-consolidated financial statements referred to above are not presented fairly, in all material respects, in conformity with accounting principles generally accepted in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated statement of financial position of the Company as of December 31, 2009, and the related non-consolidated statements of income, appropriations of retained earnings, changes in stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated February 17, 2010, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying non-consolidated statement of financial position as of December 31, 2009, which is comparatively presented, does not differ in material respects from such audited non-consolidated statement of financial position.

Our reviews also comprehended the translation of the Korean won amounts into U.S. dollar amounts and nothing has come to our attention that causes us to believe that such translation has not been made in conformity with the basis stated in Note 2. Such U.S. dollar amounts are presented solely for the convenience of readers of financial statements.

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Accounting principles and review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations, changes in stockholders equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

August 5, 2010

**Notice to Readers**

This report is effective as of August 5, 2010, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the accountants' review report.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2010 AND DECEMBER 31, 2009**

|   | Korean won       |                      | Translation into U.S.<br>dollars (Note 2) |                         |
|---|------------------|----------------------|---|-------------------------|
|   | June 30,<br>2010 | December 31,<br>2009 | June 30,<br>2010                          | December<br>31,<br>2009 |
|   | (In millions)    |                      | (In thousands)                            |                         |
| <b>ASSETS</b>   |                  |                      |   |                         |
| <b>CURRENT ASSETS:</b>  |                  |                      |   |                         |
| Cash and cash equivalents (Note 14)   | ₩ 292,307        | ₩ 420,576            | \$ 239,429                                | \$ 344,494              |
| Short-term financial instruments (Note 14)  | 337,666          | 178,057              | 276,583                                   | 145,847                 |
| Short-term investment securities (Note 3)   | 339,044          | 370,182              | 277,711                                   | 303,217                 |
| Accounts receivable – trade, net of allowance for doubtful accounts of ₩149,067 million as of June 30, 2010 and ₩142,702 million as of December 31, 2009 (Note 15)  | 1,354,136        | 1,557,514            | 1,109,175                                 | 1,275,762               |
| Short-term loans, net of allowance for doubtful accounts of ₩1,184 million as of June 30, 2010 and ₩933 million as of December 31, 2009 (Notes 5 and 15)  | 91,042           | 66,888               | 74,573                                    | 54,788                  |
| Accounts receivable – other, net of allowance for doubtful accounts of ₩29,472 million and present value of ₩1,010 million as of June 30, 2010 and ₩26,059 million and ₩8,478 as of December 31, 2009 (Note 15) | 2,468,915        | 2,032,757            | 2,022,292                                 | 1,665,034               |
| Inventories   | 15,324           | 22,656               | 12,552                                    | 18,558                  |
| Prepaid expenses  | 124,527          | 112,762              | 102,000                                   | 92,364                  |
| Current deferred income tax assets, net (Note 11)   | 236,470          | 194,825              | 193,693                                   | 159,581                 |
| Currency swap (Note 17)   | 11,390           |                      | 9,330                                     |                         |
| Accrued income and other  | 23,747           | 26,835               | 19,450                                    | 21,980                  |
| <b>Total Current Assets</b>   | <b>5,294,568</b> | <b>4,983,052</b>     | <b>4,336,788</b>                          | <b>4,081,625</b>        |
| <b>NON-CURRENT ASSETS:</b>  |                  |                      |   |                         |
| Property and equipment, net (Notes 6 and 15)  | 4,825,880        | 5,196,521            | 3,952,885                                 | 4,256,478               |
| Intangible assets, net (Note 7)   | 2,491,155        | 2,665,936            | 2,040,509                                 | 2,183,672               |
| Long-term financial instruments (Note 14)   | 19               | 6,519                | 16  | 5,340                   |
| Long-term investment securities (Note 3)  | 1,809,669        | 2,420,262            | 1,482,302                                 | 1,982,440               |
| Equity securities accounted for using the equity method (Notes 4)   | 3,250,019        | 2,680,872            | 2,662,095                                 | 2,195,906               |
|   | 64,287           | 64,216               | 52,658                                    | 52,599                  |

Long-term loans, net of allowance for doubtful accounts of ₩24,251 million as of June 30, 2010 and ₩24,250 million as of December 31, 2009 (Notes 5 and 15)

|                                     |         |         |         |         |
|-------------------------------------|---------|---------|---------|---------|
| Long-term accounts receivable other | 866,463 | 761,647 | 709,721 | 623,866 |
| Guarantee deposits (Note 15)        | 179,710 | 172,021 | 147,201 | 140,903 |
| Long-term currency swap (Note 17)   | 254,835 | 223,173 | 208,736 | 182,801 |
| Long-term deposits and other        | 121,512 | 123,414 | 99,530  | 101,089 |

|                          |            |            |            |            |
|--------------------------|------------|------------|------------|------------|
| Total Non-current Assets | 13,863,549 | 14,314,581 | 11,355,653 | 11,725,094 |
|--------------------------|------------|------------|------------|------------|

|              |              |              |               |               |
|--------------|--------------|--------------|---------------|---------------|
| TOTAL ASSETS | ₩ 19,158,117 | ₩ 19,297,633 | \$ 15,692,441 | \$ 15,806,719 |
|--------------|--------------|--------------|---------------|---------------|

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2010 AND DECEMBER 31, 2009**

| LIABILITIES AND STOCKHOLDERS EQUITY  | Korean won                        |                                       | Translation into U.S.<br>dollars (Note 2) |                         |
|--|-----------------------------------|---------------------------------------|---|-------------------------|
|  | June 30,<br>2010<br>(In millions) | December 31,<br>2009<br>(In millions) | June 30,<br>2010<br>(In thousands)        | December<br>31,<br>2009 |
| <b>CURRENT LIABILITIES:</b>  |                                   |                                       |   |                         |
| Accounts payable (Note 15)   | ₩ 1,045,934                       | ₩ 1,136,475                           | \$ 856,726                                | \$ 930,888              |
| Income tax payable   | 276,133                           | 381,940                               | 226,181                                   | 312,848                 |
| Accrued expenses (Note 16)   | 1,004,231                         | 934,372                               | 822,567                                   | 765,345                 |
| Withholdings   | 434,839                           | 250,656                               | 356,177                                   | 205,313                 |
| Current portion of long-term debt, net (Notes 8 and 9)   | 960,275                           | 513,277                               | 786,563                                   | 420,426                 |
| Current portion of subscription deposits   | 5,827                             | 6,804                                 | 4,773                                     | 5,573                   |
| Currency swap (Note 17)  | 29,549                            | 35,145                                | 24,204                                    | 28,787                  |
| Currency forward (Note 17)   | 721                               |                                       | 591                                       |                         |
| Interest swap (Note 17)  |                                   | 1,173                                 |   | 961                     |
| Advanced receipts and other  | 49,722                            | 34,791                                | 40,726                                    | 28,498                  |
| <b>Total Current Liabilities</b>   | <b>3,807,231</b>                  | <b>3,294,633</b>                      | <b>3,118,508</b>                          | <b>2,698,639</b>        |
| <b>NON-CURRENT LIABILITIES:</b>  |                                   |                                       |   |                         |
| Bonds payable, net (Note 8)  | 3,060,341                         | 3,349,216                             | 2,506,730                                 | 2,743,348               |
| Long-term borrowings (Note 9)  | 621,030                           | 816,760                               | 508,687                                   | 669,009                 |
| Subscription deposits  | 6,213                             | 5,480                                 | 5,088                                     | 4,489                   |
| Long-term payables other, net of present value discount of ₩2,979 million as of June 30, 2010 and ₩5,837 million as of December 31, 2009 | 50,121                            | 164,163                               | 41,054                                    | 134,466                 |
| Accrued severance indemnities, net   | 38,875                            | 25,155                                | 31,843                                    | 20,604                  |
| Non-current deferred income tax liabilities, net (Note 11)   | 146,221                           | 210,859                               | 119,770                                   | 172,715                 |
| Long-term currency swap (Note 17)  | 12,732                            | 18,281                                | 10,429                                    | 14,974                  |
| Long-term interest swap (Note 17)  | 19,747                            | 16,215                                | 16,175                                    | 13,282                  |
| Guarantee deposits received and other (Notes 15 and 16)  | 199,954                           | 155,421                               | 163,782                                   | 127,305                 |
| <b>Total Non-current Liabilities</b>   | <b>4,155,234</b>                  | <b>4,761,550</b>                      | <b>3,403,558</b>                          | <b>3,900,192</b>        |
| <b>Total Liabilities</b>   | <b>7,962,465</b>                  | <b>8,056,183</b>                      | <b>6,522,066</b>                          | <b>6,598,831</b>        |

|  |                     |                     |                      |                      |
|--|---------------------|---------------------|----------------------|----------------------|
| <b>STOCKHOLDERS EQUITY:</b>  |                     |                     |                      |                      |
| Capital stock (Notes 1 and 10)   | 44,639              | 44,639              | 36,564               | 36,564               |
| Capital surplus (Notes 4, 8 and 10)  | 3,032,916           | 3,032,009           | 2,484,266            | 2,483,523            |
| Capital adjustments:   |                     |                     |                      |                      |
| Treasury stock (Note 1)  | (1,992,083)         | (1,992,083)         | (1,631,718)          | (1,631,718)          |
| Loss on disposal of treasury stock   | (716)               | (716)               | (586)                | (586)                |
| Equity method in capital adjustments (Note 4)                                    | (53,474)            | (52,626)            | (43,801)             | (43,106)             |
| Other capital adjustments  | (662,983)           | (662,983)           | (543,050)            | (543,050)            |
| Accumulated other comprehensive income (loss)<br>(Note 12):                      |                     |                     |                      |                      |
| Unrealized gain on valuation of long-term<br>investment securities, net (Note 3) | 860,640             | 1,003,145           | 704,951              | 821,678              |
| Equity in other comprehensive loss of affiliates, net<br>(Note 4)                | (67,439)            | (84,809)            | (55,239)             | (69,467)             |
| Gain on valuation of currency swap, net (Note 17)                                | 7,410               | 6,516               | 6,070                | 5,336                |
| Loss on valuation of interest swap, net (Note 17)                                | (10,576)            | (10,932)            | (8,664)              | (8,955)              |
| Retained earnings:   |                     |                     |                      |                      |
| Appropriated   | 9,350,386           | 8,890,053           | 7,658,915            | 7,281,855            |
| Unappropriated   | 686,932             | 1,069,237           | 562,667              | 875,814              |
| <br>   |                     |                     |                      |                      |
| Total Stockholders Equity  | 11,195,652          | 11,241,450          | 9,170,375            | 9,207,888            |
| <br>   |                     |                     |                      |                      |
| <b>TOTAL LIABILITIES AND STOCKHOLDERS<br/>EQUITY</b>                             | <b>₩ 19,158,117</b> | <b>₩ 19,297,633</b> | <b>\$ 15,692,441</b> | <b>\$ 15,806,719</b> |

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

|   | Korean won                              |                          |                            |                          | Translation into U.S. dollars (Note 2)   |                          |                            |                          |
|---|---|--------------------------|----------------------------|--------------------------|--|--------------------------|----------------------------|--------------------------|
|   | 2010                                    |                          | 2009                       |                          | 2010                                     |                          | 2009                       |                          |
|   | Three months ended June 30              | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 | Three months ended June 30               | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 |
|   | (In millions except for per share data) |                          |                            |                          | (In thousands except for per share data) |                          |                            |                          |
| <b>OPERATING REVENUE</b><br>(Note 15)         | ₩ 3,088,572                             | ₩ 6,106,818              | ₩ 3,067,899                | ₩ 5,944,360              | \$ 2,529,854                             | \$ 5,002,103             | \$ 2,512,921               | \$ 4,869,034             |
| <b>OPERATING EXPENSES:</b>                    |   |                          |                            |                          |  |                          |                            |                          |
| Labor cost                                    | (95,786)                                | (295,901)                | (81,597)                   | (271,048)                | (78,458)                                 | (242,373)                | (66,836)                   | (222,016)                |
| Commissions paid (Note 15)                    | (1,230,690)                             | (2,442,592)              | (1,279,186)                | (2,280,673)              | (1,008,060)                              | (2,000,731)              | (1,047,783)                | (1,868,103)              |
| Depreciation and amortization (Notes 6 and 7) | (470,602)                               | (928,383)                | (426,941)                  | (827,657)                | (385,471)                                | (760,440)                | (349,708)                  | (677,935)                |
| Network interconnection                       | (267,777)                               | (530,758)                | (267,725)                  | (523,781)                | (219,337)                                | (434,745)                | (219,294)                  | (429,030)                |
| Leased line                                   | (45,528)                                | (91,570)                 | (93,225)                   | (191,315)                | (37,292)                                 | (75,005)                 | (76,361)                   | (156,706)                |
| Advertising                                   | (79,570)                                | (122,472)                | (62,604)                   | (106,681)                | (65,176)                                 | (100,317)                | (51,279)                   | (87,383)                 |
| Research and development                      | (54,627)                                | (115,973)                | (55,023)                   | (114,394)                | (44,745)                                 | (94,994)                 | (45,069)                   | (93,700)                 |
| Rent  | (70,739)                                | (143,723)                | (66,182)                   | (129,942)                | (57,942)                                 | (117,724)                | (54,210)                   | (106,436)                |
| Frequency usage                               | (40,285)                                | (79,672)                 | (38,956)                   | (78,136)                 | (32,998)                                 | (65,259)                 | (31,909)                   | (64,001)                 |
| Repair  | (40,866)                                | (77,288)                 | (35,189)                   | (64,090)                 | (33,473)                                 | (63,307)                 | (28,823)                   | (52,496)                 |
| Cost of goods sold                            | (16,352)                                | (31,938)                 | (8,887)                    | (16,195)                 | (13,394)                                 | (26,160)                 | (7,279)                    | (13,265)                 |
| Other   | (93,688)                                | (184,016)                | (98,984)                   | (223,041)                | (76,740)                                 | (150,727)                | (81,079)                   | (182,693)                |
| <b>Sub-total</b>                              | (2,506,510)                             | (5,044,286)              | (2,514,499)                | (4,826,953)              | (2,053,086)                              | (4,131,782)              | (2,059,630)                | (3,953,764)              |
| <b>OPERATING INCOME</b>                       | 582,062                                 | 1,062,532                | 553,400                    | 1,117,407                | 476,768                                  | 870,321                  | 453,291                    | 915,270                  |

|  |        |         |         |         |        |         |         |         |
|--|--------|---------|---------|---------|--------|---------|---------|---------|
| OTHER  |        |         |         |         |        |         |         |         |
| INCOME (Note 18):  |        |         |         |         |        |         |         |         |
| Interest income (Note 3)   | 46,408 | 91,653  | 35,053  | 77,573  | 38,013 | 75,073  | 28,712  | 63,540  |
| Foreign exchange and translation gains (Note 2)                  | 1,891  | 12,748  | 47,863  | 64,964  | 1,549  | 10,442  | 39,205  | 53,212  |
| Equity in earnings of affiliates (Note 4)                        | 25,328 | 40,790  | 14,536  | 25,733  | 20,746 | 33,411  | 11,906  | 21,078  |
| Gain on valuation of short-term investment securities (Note 8)   |        |         | 1,966   | 7,810   |        |         | 1,610   | 6,397   |
| Gain on disposal of property and equipment and intangible assets | 1,196  | 7,140   | 153     | 445     | 980    | 5,848   | 125     | 365     |
| Gain on valuation of derivatives (Note 17)                       |        |         | 110,196 | 1,014   |        |         | 90,262  | 831     |
| Other  | 4,751  | 38,384  | 14,290  | 89,273  | 3,891  | 31,441  | 11,705  | 73,123  |
| Sub-total  | 79,574 | 190,715 | 224,057 | 266,812 | 65,179 | 156,215 | 183,525 | 218,546 |

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

|  | Korean won                              |                          |                            |                          | Translation into U.S. dollars (Note 2)   |                          |                            |                          |
|--|---|--------------------------|----------------------------|--------------------------|--|--------------------------|----------------------------|--------------------------|
|  | 2010                                    |                          | 2009                       |                          | 2010                                     |                          | 2009                       |                          |
|  | Three months ended June 30              | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 | Three months ended June 30               | Six months ended June 30 | Three months ended June 30 | Six months ended June 30 |
|  | (In millions except for per share data) |                          |                            |                          | (In thousands except for per share data) |                          |                            |                          |
| <b>OTHER EXPENSES</b>  |   |                          |                            |                          |  |                          |                            |                          |
| (Note 15):   |   |                          |                            |                          |  |                          |                            |                          |
| Interest and discounts   | (₩70,279)                               | (₩140,908)               | (₩76,431)                  | (₩147,755)               | (\$57,566)                               | (\$115,418)              | (\$62,605)                 | (\$121,026)              |
| Donations  | (20,477)                                | (52,477)                 | (10,272)                   | (22,693)                 | (16,773)                                 | (42,984)                 | (8,414)                    | (18,588)                 |
| Foreign exchange and translation loss (Note 2)                 | (24,749)                                | (13,517)                 | (133,852)                  | (61,056)                 | (20,272)                                 | (11,071)                 | (109,638)                  | (50,011)                 |
| Loss on valuation of short-term investment securities (Note 3) | (2,560)                                 | (5,999)                  |                            |                          | (2,097)                                  | (4,914)                  |                            |                          |
| Equity in losses of affiliates (Note 4)                        | (29,451)                                | (78,250)                 | (50,759)                   | (98,755)                 | (24,123)                                 | (64,095)                 | (41,577)                   | (80,890)                 |
| Loss on disposal of account receivable other                   |   |                          | (28,711)                   | (28,711)                 |  |                          | (23,517)                   | (23,517)                 |
| Loss on disposal of property, equipment and intangible assets  | (1,412)                                 | (3,717)                  | (16,021)                   | (16,181)                 | (1,157)                                  | (3,045)                  | (13,123)                   | (13,254)                 |
| Loss on valuation of derivatives (Note 17)                     | (989)                                   | (21,065)                 | (35,116)                   | (138,623)                | (810)                                    | (17,254)                 | (28,764)                   | (113,546)                |
|  | (14,059)                                | (24,497)                 | (13,913)                   | (27,818)                 | (11,516)                                 | (20,066)                 | (11,396)                   | (22,786)                 |

|  |           |           |           |           |            |            |            |            |  |
|--|-----------|-----------|-----------|-----------|------------|------------|------------|------------|--|
| External<br>research and<br>development<br>cost  |           |           |           |           |            |            |            |            |  |
| Other  | (4,274)   | (10,478)  | (7,572)   | (14,520)  | (3,500)    | (8,582)    | (6,202)    | (11,894)   |  |
| Sub-total  | (168,250) | (350,908) | (372,647) | (556,112) | (137,814)  | (287,429)  | (305,236)  | (455,512)  |  |
| INCOME<br>BEFORE<br>INCOME<br>TAX  | 493,386   | 902,339   | 404,810   | 828,107   | 404,133    | 739,107    | 331,580    | 678,304    |  |
| PROVISION<br>FOR<br>INCOME<br>TAX (Note<br>11)   | (129,415) | (216,613) | (93,167)  | (199,715) | (106,004)  | (177,428)  | (76,313)   | (163,587)  |  |
| NET<br>INCOME  | ₩ 363,971 | ₩ 685,726 | ₩ 311,643 | ₩ 628,392 | \$ 298,129 | \$ 561,679 | \$ 255,267 | \$ 514,717 |  |
| NET<br>INCOME<br>PER SHARE<br>(In Korean<br>won and U.S.<br>dollars)<br>(Note 13)            | ₩ 5,031   | ₩ 9,479   | ₩ 4,308   | ₩ 8,686   | \$ 4.121   | \$ 7.764   | \$ 3.529   | \$ 7.115   |  |
| DILUTED<br>NET<br>INCOME<br>PER SHARE<br>(In Korean<br>won and U.S.<br>dollars)<br>(Note 13) | ₩ 4,947   | ₩ 9,336   | ₩ 4,234   | ₩ 8,567   | \$ 4.052   | \$ 7,647   | \$ 3.468   | \$ 7.017   |  |

See accompanying notes to non-consolidated financial statements.

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**NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009  
SK TELECOM CO., LTD.**

| (In millions of<br>Korean won)   | Common<br>stock | Capital<br>surplus | Capital<br>adjustments | Accumulated<br>other<br>comprehensive<br>income | Retained<br>earnings | Total<br>stockholders<br>equity |
|--|-----------------|--------------------|------------------------|---|----------------------|---------------------------------|
| Balance, January 1,<br>2009  | ₩ 44,639        | ₩ 2,957,095        | (₩2,147,530)           | ₩ 373,785                                       | ₩ 9,501,018          | ₩ 10,729,007                    |
| Cash dividends   |                 |                    |                        |   | (609,203)            | (609,203)                       |
| Net income   |                 |                    |                        |   | 628,392              | 628,392                         |
| Conversion right   |                 | 73,622             |                        |   |                      | 73,622                          |
| Treasury stock   |                 |                    | 63,538                 |   | (92,477)             | (28,939)                        |
| Loss on disposal of<br>treasury stock  |                 | (721)              | (716)                  |   |                      | (1,437)                         |
| Unrealized loss on<br>valuation of<br>long-term<br>investment<br>securities, net<br>(Notes 3 and 12) |                 |                    |                        | 189,697   |                      | 189,697                         |
| Equity in other<br>comprehensive<br>income changes of<br>affiliates, net (Notes<br>4 and 12)         |                 | 2,003              | 16,373                 | (16,101)  | (56,043)             | (53,768)                        |
| Loss on valuation of<br>currency swap, net<br>(Notes 12 and 17)                                      |                 |                    |                        | (2,394)   |                      | (2,394)                         |
| Gain on valuation of<br>interest swap, net<br>(Notes 12 and 17)                                      |                 |                    |                        | 7,424   |                      | 7,424                           |
| Balance, June 30,<br>2009  | ₩ 44,639        | ₩ 3,031,999        | (₩2,068,335)           | ₩ 552,411                                       | ₩ 9,371,687          | ₩ 10,932,401                    |
| Balance, January 1,<br>2010  | ₩ 44,639        | ₩ 3,032,009        | (₩2,708,408)           | ₩ 913,920                                       | ₩ 9,959,290          | ₩ 11,241,450                    |
| Cash dividends   |                 |                    |                        |   | (607,698)            | (607,698)                       |
| Net income   |                 |                    |                        |   | 685,726              | 685,726                         |
| Unrealized loss on<br>valuation of<br>long-term<br>investment<br>securities, net                     |                 |                    |                        | (142,505)                                       |                      | (142,505)                       |

|  |          |             |               |           |              |              |
|--|----------|-------------|---------------|-----------|--------------|--------------|
| (Notes 3 and 12)<br>Equity in other<br>comprehensive<br>income changes of<br>affiliates, net (Notes<br>4 and 12) |          | 907         | (848)         | 17,370    |              | 17,429       |
| Loss on valuation of<br>currency swap, net<br>(Notes 12 and 17)  |          |             |               | 894       |              | 894          |
| Loss on valuation of<br>interest swap, net<br>(Notes 12 and 17)  |          |             |               | 356       |              | 356          |
| Balance, June 30,<br>2010  | ₩ 44,639 | ₩ 3,032,916 | (₩ 2,709,256) | ₩ 790,035 | ₩ 10,037,318 | ₩ 11,195,652 |

(Continued)

**Table of Contents****SK TELECOM CO., LTD.****NON-CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (CONTINUED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

| <b>(In thousands of U.S. dollars)</b>   | Common<br>stock | Capital<br>surplus | Capital<br>adjustments | Accumulated<br>other<br>comprehensive<br>income | Retained<br>earnings | Total<br>stockholders<br>equity |
|---|-----------------|--------------------|------------------------|---|----------------------|---------------------------------|
| Balance, January 1, 2009  | \$ 36,564       | \$ 2,422,161       | (\$1,759,045)          | \$ 306,168                                      | \$ 7,782,297         | \$ 8,788,145                    |
| Cash dividends  |                 |                    |                        |   | (499,000)            | (499,000)                       |
| Net income  |                 |                    |                        |   | 514,717              | 514,717                         |
| Conversion right  |                 | 60,304             |                        |   |                      | 60,304                          |
| Treasury stock  |                 |                    | 52,044                 |   | (75,748)             | (23,704)                        |
| Loss on disposal of treasury stock  |                 | (591)              | (586)                  |   |                      | (1,177)                         |
| Unrealized loss on valuation of long-term investment securities, net (Notes 3)        |                 |                    |                        | 155,381   |                      | 155,381                         |
| Equity in other comprehensive income changes of affiliates, net (Note 4)              |                 | 1,641              | 13,411                 | (13,188)  | (45,905)             | (44,041)                        |
| Loss on valuation of currency swap, net (Notes 12 and 17)                             |                 |                    |                        | (1,961)   |                      | (1,961)                         |
| Gain on valuation of interest swap, net (Notes 12 and 17)                             |                 |                    |                        | 6,081   |                      | 6,081                           |
| Balance, June 30, 2009  | \$ 36,564       | \$ 2,483,515       | (\$1,694,176)          | \$ 452,481                                      | \$ 7,676,361         | \$ 8,954,745                    |
| Balance, January 1, 2010  | \$ 36,564       | \$ 2,483,523       | (\$2,218,460)          | \$ 748,592                                      | \$ 8,157,669         | \$ 9,207,888                    |
| Cash dividends  |                 |                    |                        |   | (497,766)            | (497,766)                       |
| Net income  |                 |                    |                        |   | 561,679              | 561,679                         |
| Unrealized loss on valuation of long-term investment securities, net (Notes 3 and 12) |                 |                    |                        | (116,727)                                       |                      | (116,727)                       |
| Equity in other comprehensive income changes of affiliates, net (Notes 4 and 12)      |                 | 743                | (695)                  | 14,228  |                      | 14,276                          |
| Loss on valuation of currency swap, net (Notes 12 and 17)                             |                 |                    |                        | 734   |                      | 734                             |

|   |           |              |               |            |              |  |              |
|---|-----------|--------------|---------------|------------|--------------|--|--------------|
| Loss on valuation of<br>interest swap, net<br>(Notes 12 and 17) |           |              |               |            | 291          |  | 291          |
| Balance, June 30, 2010  | \$ 36,564 | \$ 2,484,266 | (\$2,219,155) | \$ 647,118 | \$ 8,221,582 |  | \$ 9,170,375 |

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

|  | Korean won    |               | Translation into U.S.<br>dollars (Note 2) |               |
|--|---------------|---------------|---|---------------|
|  | 2010          | 2009          | 2010                                      | 2009          |
|  | (In millions) |               | (In<br>thousands)                         |               |
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES:</b>                   |               |               |   |               |
| Net income   | ₩ 685,726     | ₩ 628,392     | \$ 561,679                                | \$ 514,717    |
| Expenses not involving cash payments:                              |               |               |   |               |
| Provision for severance indemnities                                | 18,136        | 18,181        | 14,855                                    | 14,892        |
| Depreciation and amortization                                      | 997,485       | 891,277       | 817,041                                   | 730,046       |
| Allowance for doubtful accounts                                    | 32,607        | 76,933        | 26,708                                    | 63,016        |
| Foreign translation loss   | 9,867         | 11,641        | 8,082                                     | 9,535         |
| Loss on valuation of short-term investment securities              | 5,999         |               | 4,914                                     |               |
| Equity in losses of affiliates                                     | 78,250        | 98,755        | 64,095                                    | 80,890        |
| Loss on disposal of property, equipment and intangible assets      | 3,933         | 16,181        | 3,222                                     | 13,254        |
| Loss on valuation of derivatives                                   | 21,065        | 115,337       | 17,254                                    | 94,473        |
| Amortization of discounts on bonds                                 | 18,179        | 20,558        | 14,890                                    | 16,839        |
| Other  | 1             | 5,606         | 2   | 4,592         |
| <br>Sub-total  | <br>1,185,522 | <br>1,254,469 | <br>971,063                               | <br>1,027,537 |
| Income not involving cash receipts:                                |               |               |   |               |
| Foreign translation gain   | (9,609)       | (46,477)      | (7,871)                                   | (38,068)      |
| Equity in earnings of affiliates                                   | (40,790)      | (25,733)      | (33,411)                                  | (21,078)      |
| Gain on valuation of short-term investment securities              |               | (7,810)       |   | (6,397)       |
| Gain on disposal of property, equipment and intangible assets      | (7,140)       | (445)         | (5,848)                                   | (365)         |
| Gain on valuation of derivatives                                   |               | (1,014)       |   | (831)         |
| Other  | (13,966)      | (611)         | (11,440)                                  | (500)         |
| <br>Sub-total  | <br>(71,505)  | <br>(82,090)  | <br>(58,570)                              | <br>(67,239)  |
| Changes in assets and liabilities related to operating activities: |               |               |   |               |
| Accounts receivable trade  | 175,842       | (89,251)      | 144,032                                   | -73,106       |
| Accounts receivable other  | (441,106)     | (249,984)     | (361,311)                                 | (204,762)     |
| Inventories  | 7,332         | (4,851)       | 6,006                                     | (3,973)       |
| Prepaid expenses   | 8,383         | 39,402        | 6,867                                     | 32,274        |

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|   |           |           |           |           |
|---|-----------|-----------|-----------|-----------|
| Accrued income and other                                    | 54,903    | 8,533     | 44,971    | 6,989     |
| Long-term accounts receivable other                         | (104,816) | 16,285    | (85,855)  | 13,339    |
| Accounts payable  | (91,040)  | 13,389    | (74,571)  | 10,967    |
| Income tax payable  | (124,286) | (105,782) | (101,803) | (86,646)  |
| Accrued expenses  | 81,686    | 140,016   | 66,909    | 114,687   |
| Withholdings  | 132,366   | 72,930    | 108,421   | 59,737    |
| Current portion of subscription deposits                    | (977)     | (25)      | (800)     | (20)      |
| Advanced receipts and other                                 | 14,931    | 5,814     | 12,230    | 4,762     |
| Deferred income taxes                                       | (54,608)  | (22,022)  | (44,729)  | (18,038)  |
| Severance indemnities payments                              | (8,171)   | (15,407)  | (6,693)   | (12,620)  |
| Deposits for group severance indemnities and other deposits | 3,421     | 9,440     | 2,802     | 7,732     |
| Dividends received from affiliate                           | 9,513     | 6,817     | 7,792     | 5,584     |
| <br>  |           |           |           |           |
| Sub-total   | (336,627) | (174,696) | (275,732) | (143,094) |
| <br>  |           |           |           |           |
| Net Cash Provided by Operating Activities                   | 1,463,116 | 1,626,075 | 1,198,440 | 1,331,921 |

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

|   | Korean won         |                    | Translation into U.S.<br>dollars (Note 2) |                    |
|---|--------------------|--------------------|---|--------------------|
|   | 2010               | 2009               | 2010                                      | 2009               |
|   | (In millions)      |                    | (In thousands)                            |                    |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES:</b>                                  |                    |                    |   |                    |
| Cash inflows from investing activities:   |                    |                    |   |                    |
| Proceeds from disposal of property and<br>equipment                               | ₩ 16,320           | ₩ 1,492            | \$ 13,368                                 | \$ 1,222           |
| Proceeds from disposal of intangible assets                                       | 4,173              | 65                 | 3,418                                     | 53                 |
| Disposal of short-term investment securities,<br>net                              | 220,057            | 25,153             | 180,249                                   | 20,603             |
| Collection of short-term loans  | 123,021            | 184,144            | 100,767                                   | 150,833            |
| Proceeds from sales of long-term investment<br>securities                         | 252,657            | 1,865              | 206,952                                   | 1,528              |
| Proceeds from sales of equity securities<br>accounted for using the equity method |                    | 6,444              |   | 5,278              |
| Collection of long-term loans   | 7,328              | 8,119              | 6,002                                     | 6,650              |
| Decrease in guarantee deposits  | 18,223             | 12,360             | 14,926                                    | 10,124             |
| Decrease in other non-current assets  | 8,776              | 27,594             | 7,189                                     | 22,602             |
| <b>Sub-total</b>  | <b>650,555</b>     | <b>267,236</b>     | <b>532,871</b>                            | <b>218,893</b>     |
| Cash outflows for investing activities:   |                    |                    |   |                    |
| Acquisition of short-term financial<br>instruments                                | (153,110)          | (198,226)          | (125,413)                                 | (162,367)          |
| Acquisition of long-term investment<br>securities, net                            | (259)              | (125,538)          | (212)                                     | (102,828)          |
| Extension of short-term loans   | (137,454)          | (138,223)          | (112,589)                                 | (113,219)          |
| Acquisition of property and equipment   | (414,325)          | (647,652)          | (339,374)                                 | (530,493)          |
| Increase in intangible assets   | (6,426)            | (6,795)            | (5,264)                                   | (5,566)            |
| Acquisition of long-term financial<br>instruments                                 |                    | (6,500)            |   | (5,324)            |
| Acquisition of equity securities accounted for<br>using the equity method         | (597,210)          | (168,301)          | (489,176)                                 | (137,856)          |
| Extension of long-term loans  | (17,592)           | (6,972)            | (14,410)                                  | (5,711)            |
| Increase in guarantee deposits and other  | (52,903)           | (87,026)           | (43,332)                                  | (71,282)           |
| <b>Sub-total</b>  | <b>(1,379,279)</b> | <b>(1,385,233)</b> | <b>(1,129,770)</b>                        | <b>(1,134,646)</b> |
| <b>Net Cash Used in Investing Activities</b>                                      | <b>(728,724)</b>   | <b>(1,117,997)</b> | <b>(596,899)</b>                          | <b>(915,753)</b>   |
| <b>CASH FLOWS FROM FINANCING<br/>ACTIVITIES:</b>                                  |                    |                    |   |                    |

|  |               |                 |                |                 |
|--|---------------|-----------------|----------------|-----------------|
| Cash inflows from financing activities:              |               |                 |                |                 |
| Increase in guarantee deposits received and other    | 38,520        | 5,830           | 31,552         | 4,775           |
| Proceeds from short-term borrowings                  |               | 100,000         |                | 81,910          |
| Issuance of bonds                                    |               | 1,114,898       |                | 913,215         |
| Cash inflows from transaction of currency swap       |               | 8,236           |                | 6,746           |
| Cash inflows from transaction of currency option     |               | 1,014           |                | 831             |
| <br>Sub-total  | <br>38,520    | <br>1,229,978   | <br>31,552     | <br>1,007,477   |
| Cash outflows for financing activities:              |               |                 |                |                 |
| Repayment of short-term borrowings                   |               | (123,200)       |                | (100,913)       |
| Repayment of current portion of long-term debts      | (290,000)     | (715,672)       | (237,539)      | (586,208)       |
| Payment of dividends                                 | (607,667)     | (604,162)       | (497,741)      | (494,870)       |
| Decrease in other non-current liabilities            | (3,514)       | (1,206)         | (2,878)        | (988)           |
| Acquisition of treasury stock                        |               | (28,938)        |                | (23,703)        |
| <br>Sub-total  | <br>(901,181) | <br>(1,473,178) | <br>(738,158)  | <br>(1,206,682) |
| Net Cash Used in Financing Activities                | (862,661)     | (243,200)       | (706,606)      | (199,205)       |
| <br>NET INCREASE IN CASH AND CASH EQUIVALENTS        | <br>(128,269) | <br>264,878     | <br>(105,065)  | <br>216,963     |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD | 420,576       | 434,177         | 344,494        | 355,635         |
| <br>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD   | <br>₩ 292,307 | <br>₩ 699,055   | <br>\$ 239,429 | <br>\$ 572,598  |

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009**

**1. GENERAL**

SK Telecom Co., Ltd. (the Company) was incorporated in March 1984 under the laws of Korea to engage in providing nationwide cellular telephone communication services in the Republic of Korea. The Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange and the New York and London Stock Exchanges, respectively. As of June 30, 2010, the Company's total issued shares are held by the following:

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea ( Korean GAAP ) and with the accounting policies for annual financial statements for the year ended December 31, 2009.

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

The accompanying non-consolidated 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 ₩1,220.85 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 June 30, 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.

**Table of Contents****3. INVESTMENT SECURITIES****a. Short-term Investment Securities**

Short-term investment securities as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

|  | Acquisition<br>cost | June 30, 2010<br>Fair value | Carrying<br>amount | December 31,<br>2009<br>Fair value and<br>carrying<br>amount |
|--|---------------------|-----------------------------|--------------------|--|
| Trading securities (Note)                          | ₩ 145,000           | ₩ 144,127                   | ₩ 144,127          | ₩ 370,126  |
| Current portion of long-term investment securities | 192,798             | 194,917                     | 194,917            | 56   |
| Total  | ₩ 337,798           | ₩ 339,044                   | ₩ 339,044          | ₩ 370,182  |

(Note) The Company's trading securities as of June 30, 2010 are all beneficiary certificates, and the difference between the fair value and acquisition cost was recorded in other income (expenses) as gain (loss) on valuation of short-term investment securities

**b. Long-term Investment Securities**

Long-term investment securities as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

|                                      | June 30, 2010 | December 31,<br>2009 |
|--------------------------------------|---------------|----------------------|
| Available-for-sale equity securities | ₩ 1,809,506   | ₩ 2,026,921          |
| Available-for-sale debt securities   | 195,080       | 393,397              |
| Total                                | 2,004,586     | 2,420,318            |
| Less: current portion                | (194,917)     | (56)                 |
| Long-term portion                    | ₩ 1,809,669   | ₩ 2,420,262          |

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

Available-for-sale equity securities as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

|  | Number of shares | June 30, 2010  |                  | Fair value        | Carrying amount |                   |
|--|------------------|----------------|------------------|-------------------|-----------------|-------------------|
|  |                  | Percentage (%) | Acquisition cost |                   | June 30, 2010   | December 31, 2009 |
| <b>(Investments in listed companies)</b>     |                  |                |                  |                   |                 |                   |
| SK C&C Co., Ltd.                             | 4,500,000        | 9.0            | ₩ 150,495        | ₩378,000 (Note a) | ₩ 378,000       | ₩ 201,600         |
| Digital Chosunilbo Co., Ltd.                 | 2,890,630        | 7.8            | 5,781            | 6,547             | 6,547           | 6,995             |
| KRTnet Corporation                           | 234,150          | 4.4            | 1,171            | 1,564             | 1,564           | 1,573             |
| POSCO Corp.                                  | 2,481,310        | 2.8            | 332,662          | 1,157,531         | 1,157,531       | 1,533,450         |
| nTels Co., Ltd.                              | 205,200          | 6.2            | 34               | 919               | 919             | 1,161             |
| Sprint Nextel                                | 8,467,646        | 0.3            | 36,743           | 43,457 (Note b)   | 43,457          | 74,215            |
| Sub-total                                    |                  |                | 526,886          | 1,588,018         | 1,588,018       | 1,818,994         |
| <b>(Investments in non-listed companies)</b> |                  |                |                  |                   |                 |                   |
| The Korea Economic Daily                     | 2,585,069        | 13.8           | 13,964           | (Note c)          | 13,964          | 13,964            |
| Others                                       |                  |                | 122,099          | (Notes b, c & d)  | 5,841           | 5,601             |
| Sub-total                                    |                  |                | 136,063          |                   | 19,805          | 19,565            |
| <b>(Investments in funds)</b>                |                  |                |                  |                   |                 |                   |
| Global Opportunities Breakaway Fund          |                  |                | 186,390          | 188,203 (Note e)  | 188,203         | 175,140           |
| Others                                       |                  |                | 13,480           | (Note c)          | 13,480          | 13,222            |
| Sub-total                                    |                  |                | 199,870          |                   | 201,683         | 188,362           |
| Total  |                  |                | 862,819          |                   | 1,809,506       | 2,026,921         |
| Less: current portion                        |                  |                | (240)            |                   | (240)           |                   |
| Long-term portion                            |                  |                | ₩ 862,579        |                   | ₩ 1,809,266     | ₩ 2,026,921       |

(Note a) As the common stocks of SK C&C were listed on the Stock Market of Korea Exchange during the year ended December 31, 2009, the Company sold 10,500,000 shares through initial public offering and recorded the residual investment at its market value as of December 31, 2009. In addition, the Company recorded unrealized gain on valuation of investments of ₩207,763 million (net of tax effect ₩66,331 million) as of June 30, 2010.

- (Note b) The investment in common stock of Sprint Nextel and others were sold during the six months ended June 30, 2010 and the difference between the disposal price and acquisition cost was recorded as loss on disposal of long term investment securities.
- (Note c) As a reasonable estimate of fair value could not be made, the investment is stated at acquisition cost.
- (Note d) Due to the impairment of the investment of Mobinex Inc. and others, the Company recorded ₩6,246 million of impairment loss on investment securities for the year ended December 31, 2009.
- (Note e) For the year ended December 31, 2009, the Company entered into limited partnership agreement with overseas private fund. In accordance with the partnership agreement, the Company has contributed US\$150 million out of total capital commitment of US\$200 million. In addition, the difference between the fair value and acquisition cost of ₩1,414 million (net of tax effect of ₩399 million) was recorded as unrealized gain on valuation of long-term investment securities in other comprehensive income.
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**Table of Contents****b-(2). Available-for-sale Debt Securities**

Available-for-sale debt securities as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

|  | Maturity                    | Acquisition<br>cost | Carrying amount<br>June<br>30, 2010 | December<br>31, 2009 |
|--|-----------------------------|---------------------|-------------------------------------|----------------------|
| Public bonds   | (Note a)<br>October<br>2011 | ₩ 401               | ₩ 401                               | ₩ 457                |
| Closed beneficiary certificates                            | 2011                        | 59                  | 2                                   | 8                    |
| Bond-type beneficiary certificates                         | June 2011                   | 100,000             | 101,879                             | 300,134              |
| Subordinated bonds (Note b)                                |                             | 90,980              | 90,980                              | 90,980               |
| Convertible bonds of Magic Tech Network Co., Ltd. (Note c) | March<br>2011               | 1,818               | 1,818                               | 1,818                |
| Total  |                             | 193,258             | 195,080                             | 393,397              |
| Less current portion                                       |                             | (192,798)           | (194,677)                           | (56)                 |
| Long-term available-for-sale debt securities               |                             | ₩ 460               | ₩ 403                               | ₩ 393,341            |

The interest income incurred from available-for-sale debt securities for the six months ended June 30, 2010 and 2009, and for the three months ended June 30, 2010 and 2009, were ₩7 million and ₩161 million, ₩3 million and ₩90 million, respectively.

(Note a) The maturities of public bonds as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

| Maturity                             | June 30,<br>2010 | December 31,<br>2009 |
|--------------------------------------|------------------|----------------------|
| Within one year                      | ₩ 57             | ₩ 57                 |
| After one year but within five years | 401              | 400                  |
|                                      | ₩ 401            | ₩ 457                |

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

(Note c) On September 3, 2009, the Company purchased convertible bonds of Magic Tech Network Co., Ltd. for US\$1,458,065. Such convertible bonds have a conversion price of US\$274.75 per share of common stock of Magic Tech Network Co., Ltd..



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

Equity securities accounted for using the equity method of accounting as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

|                                    | Number of shares | June 30, 2010            |                  | Net asset value  | Carrying Amount |                   |
|------------------------------------|------------------|--------------------------|------------------|------------------|-----------------|-------------------|
|                                    |                  | Ownership percentage (%) | Acquisition cost |                  | June 30, 2010   | December 31, 2009 |
| SK Broadband Co., Ltd.             | 149,638,354      | 50.6                     | ₩ 1,450,804      | ₩ 680,802        | ₩ 1,194,669     | ₩ 1,242,247       |
| SK Communications Co., Ltd.        | 28,029,945       | 64.7                     | 175,441          | 141,823          | 152,606         | 148,831           |
| SK Telink Co., Ltd.                | 943,997          | 90.8                     | 5,296            | 141,841          | 141,841         | 133,029           |
| SK Marketing & Company Co., Ltd.   | 5,000,000        | 50.0                     | 190,000          | 113,579          | 113,579         | 112,531           |
| HanaSK Card Co., Ltd.              | 57,647,058       | 49.0                     | 402,476          | 326,827 (Note a) | 396,360         |                   |
| PS&Marketing Corporation           | 30,000,000       | 100.0                    | 230,000          | 202,341 (Note b) | 202,341         | 133,934           |
| SK Wyverns Baseball Club Co., Ltd. | 199,997          | 100.0                    | 1,000            |                  |                 |                   |
| Paxnet Co., Ltd.                   | 5,590,452        | 59.7                     | 26,563           | 15,766           | 29,175          | 30,611            |
| F&U Credit Information Co., Ltd.   | 300,000          | 50.0                     | 2,410            | 3,935            | 4,375           | 4,481             |
| TU Media Corp.                     | 28,538,064       | 44.2                     | 151,980          | 11,240           | 11,240          | 11,710            |
| IHQ, Inc.                          | 14,960,784       | 37.1                     | 51,846           | 10,412 (Note c)  | 17,295          | 20,178            |
| Ntreev Soft Co., Ltd.              | 2,064,970        | 63.7                     | 33,196           | 9,470            | 9,470           | 7,708             |
| Commerce Planet Co., Ltd.          | 29,396           | 100.0                    | 8,251            | 360              | 360             | 139               |
| Loen Entertainment, Inc.           | 16,054,812       | 63.5                     | 57,874           | 46,049           | 46,049          | 40,234            |
| Harex Info Tech, Inc.              | 225,000          | 21.2                     | 3,375            | 62               | 62              | 62                |
| SK Mobile                          |                  | 20.0                     | 4,930            | 2,111            | 2,111           | 2,111             |
| SKT Vietnam PTE Ltd.               | 180,476,700      | 73.3                     | 191,273          | 24,540           | 24,540          | 26,264            |
| Skytel Co., Ltd.                   | 1,951,777        | 29.3                     | 2,159            | 18,148           | 18,148          | 14,958            |
| SK China Company Ltd.              | 94,960           | 29.7                     | 6,159            | 5,004            | 3,919           | 3,919             |
| SK Telecom China Co., Ltd.         |                  | 100.0                    | 7,340            | 9,443            | 9,443           | 9,443             |
| TR Entertainment                   | 14,100,100       | 42.2                     | 10,953           | 2,317            | 6,754           | 7,560             |
|                                    |                  | 70.1                     | 17,511           | 3,829            | 3,829           | 3,819             |

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|   |                |       |         |                 |         |         |
|---|----------------|-------|---------|-----------------|---------|---------|
| ULand Company Ltd.                        |                |       |         |                 |         |         |
| SKT Americas, Inc.                        | 122            | 100.0 | 58,494  | 50,054 (Note b) | 50,054  | 26,131  |
| SK Telecom China Holding Co., Ltd.        |                | 100.0 | 34,251  | 29,617 (Note b) | 29,617  | 23,396  |
| SK USA, Inc.                              | 49             | 49.0  | 3,184   | 5,498           | 5,498   | 5,498   |
| Helio, Inc.                               | 79,437         | 14.3  | 134     | 12              | 12      | 12      |
| Korea IT Fund                             | 190            | 63.3  | 190,000 | 227,972         | 227,972 | 220,957 |
| 1st Music Investment Fund of SK-PVC       | 1,385          | 69.3  | 6,925   | 4,695           | 4,695   | 4,695   |
| 2nd Music Investment Fund of SK-PVC       | 1,585          | 79.3  | 7,925   | 7,487           | 7,487   | 8,036   |
| SK-KTB Music Investment Fund              | 14,850,000,000 | 74.2  | 14,850  | 14,894          | 14,894  | 13,538  |
| Stonebridge Cinema Fund                   | 120            | 45.6  | 12,000  | 8,193           | 8,193   | 8,255   |
| Michigan Global Cinema Fund               | 40             | 36.4  | 4,000   | 3,585           | 3,585   | 3,651   |
| 3rd Fund of Isu Entertainment             | 25             | 31.3  | 2,500   | 1,635           | 1,635   | 1,635   |
| SK Telecom Advanced Tech & Service Center |                | 100.0 | 6,989   | 9,536           | 9,536   | 9,536   |
| Cyworld China Holdings                    | 10,500,000     | 53.8  | 10,272  |                 |         |         |
| Magic Tech Network Co., Ltd.              | 4,500          | 30.0  | 8,494   | 941             | 4,649   | 5,267   |
| SK Telecom Global Investment B.V.         | 18,000         | 100.0 | 39,319  | 42,504          | 42,504  | 41,013  |
| SKY Property Mgmt. Ltd.                   | 22,980         | 60.0  | 283,368 | 279,855         | 279,855 | 264,850 |
| Wave City Development Co. Ltd.            | 382,000        | 19.1  | 1,967   | 1,532           | 1,532   | 1,532   |

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|   | June 30, 2010<br>Ownership |                   |                     | Net<br>asset<br>value | Carrying Amount  |                      |
|---|----------------------------|-------------------|---------------------|-----------------------|------------------|----------------------|
|   | Number<br>of shares        | percentage<br>(%) | Acquisition<br>cost |                       | June 30,<br>2010 | December<br>31, 2009 |
| Prmaxsoftware Tech.<br>Co., Ltd.                  |                            | 97.2              | 11,665              | 2,432                 | 2,432            | 2,432                |
| Benex Digital<br>Cultural Contents<br>Fund        | 50                         | 19.9              | 5,000               | 4,694                 | 4,694            | 4,912                |
| Benex Focus Limited<br>Partnership II             | 200                        | 66.7              | 20,000              | 19,509                | 19,509           | 19,782               |
| K-net Culture &<br>Contents Venture<br>Fund       | 118                        | 59.0              | 11,800              | 10,845                | 10,845           | 11,157               |
| Open Innovation<br>Fund                           | 200                        | 98.5              | 20,000              | 19,743                | 19,743           | 19,938               |
| UniSK   | 49                         | 49.0              | 3,475               | 4,247                 | 4,247            | 4,247                |
| SK Beijing Industrial<br>Development Co.,<br>Ltd. | 19,843,800                 | 100.0             | 23,709              | 18,009                | 18,009           | 18,009               |
| Cyworld Japan                                     | 375,000                    | 30.0              | 3,141               | 66                    | 66               | 66                   |
| Cyworld Inc.                                      | 2,850,000                  | 30.0              | 2,672               |                       |                  |                      |
| Daehan Kanggun<br>BcN Co., Ltd.                   | 1,461,486                  | 29.0              | 7,307               | 7,262                 | 7,262            | 7,272                |
| SK Telecom Europe<br>Limited                      | 690,000                    | 100.0             | 1,286               | 1,286(Note d)         | 1,286            | 1,286                |
| SK Fans Co.,<br>Limited                           |                            | 51.0              | 1,125               | 1,125(Note e)         | 1,125            |                      |
| SK Telecom Smart<br>City Management<br>Co., Ltd.  |                            | 60.0              | 1,709               | 1,709(Note e)         | 1,709            |                      |
| Service Ace Co.,<br>Ltd.                          | 4,385,400                  | 100.0             | 21,927              | 21,927(Note e)        | 21,927           |                      |
| Service Top Co.,<br>Ltd.                          | 2,856,200                  | 100.0             | 14,281              | 14,281(Note e)        | 14,281           |                      |
| Network O&S Co.,<br>Ltd.                          | 3,000,000                  | 100.0             | 15,000              | 15,000(Note e)        | 15,000           |                      |
| YTK Investment<br>Ltd.                            |                            | 100.0             | 28,000              | 28,000(Note e)        | 28,000           |                      |
|   |                            |                   | ₩ 3,907,606         |                       | ₩ 3,250,019      | ₩ 2,680,872          |

(Note a) The Company acquired 57,647,058 shares of HanaSK Card Co., Ltd. during the six months ended June 30, 2010. As a result, the Company holds 49.0% ownership in HanaSK Card Co., Ltd.

(Note b)

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During the six months ended June 30, 2010, the Company made an additional investment of ~~₩~~80,000 million, ~~₩~~4,656 million and ~~₩~~28,036 million in PS&Marketing Corporation, SK Telecom China Holdings Co., Ltd. and SKT Americas, Inc., respectively.

(Note c) On July 15, 2010, the Company disposed of its 10,930,844 shares of IHQ, Inc for ~~₩~~1,700 per share.

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

(Note e) During the six months ended June 30, 2010, the Company incorporated SK Fans Co., Limited, SK Telecom Smart City management Co., Ltd., Service Ace Co., Ltd., Service Top Co., Ltd., Network O&S Co., Ltd. and YTK Investment Ltd.

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Details of the changes in investments in affiliates accounted for using the equity method for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

|                                    |                 | For the six months ended June 30, 2010 |             |                             |                                |                  |                                      |                   |                           |                |
|------------------------------------|-----------------|--|-------------|-----------------------------|--------------------------------|------------------|--------------------------------------|-------------------|---------------------------|----------------|
|                                    |                 | Beginning balance                      | Acquisition | Equity in earnings (losses) | Equity in comprehensive income | Capital Surpluad | Equity method in capital adjustments | Dividend received | Other increase (decrease) | Ending balance |
| SK Broadband Co., Ltd.             | (Note a)        | ₩ 1,242,247                            | ₩           | (₩44,953)                   | (₩2,761)                       | ₩                | ₩ 136                                | ₩                 | ₩                         | ₩ 1,194,669    |
| SK Communications Co., Ltd.        | (Note a)        | 148,831                                |             | 3,661                       | (357)                          | 907              | (436)                                |                   |                           | 152,606        |
| SK Telink Co., Ltd.                | (Notes a and c) | 133,029                                |             | 16,148                      | 27                             |                  |                                      | (7,363)           |                           | 141,841        |
| SK Marketing & Company Co., Ltd.   | (Note a)        | 112,531                                |             | 1,095                       | (47)                           |                  |                                      |                   |                           | 113,579        |
| HanaSK Card Co., Ltd.              | (Note a)        |  | 402,476     | (6,101)                     | (15)                           |                  |                                      |                   |                           | 396,360        |
| PS&Marketing Corporation           | (Note a)        | 133,934                                | 80,000      | (11,593)                    |                                |                  |                                      |                   |                           | 202,341        |
| SK Wyverns Baseball Club Co., Ltd. | (Note b)        |  |             | (221)                       |                                |                  |                                      |                   | 221                       |                |
| Paxnet Co., Ltd.                   | (Notes a and c) | 30,611                                 |             | (357)                       |                                |                  |                                      | (1,079)           |                           | 29,175         |
| F&U Credit information Co., Ltd.   | (Note b)        | 4,481                                  |             | (106)                       |                                |                  |                                      |                   |                           | 4,375          |
| TU Media Corp.                     | (Note a)        | 11,710                                 |             | (470)                       |                                |                  |                                      |                   |                           | 11,240         |
| IHQ, Inc.                          | (Note a)        | 20,178                                 |             | (2,867)                     | (16)                           |                  |                                      |                   |                           | 17,295         |
| Ntreev Soft Co., Ltd.              | (Note a)        | 7,708                                  |             | 1,764                       | (2)                            |                  |                                      |                   |                           | 9,470          |
| Commerce Planet Co., Ltd.          | (Note b)        | 139                                    |             | 221                         |                                |                  |                                      |                   |                           | 360            |
| Loen Entertainment, Inc.           | (Notes a and c) | 40,234                                 |             | 6,215                       | 226                            |                  |                                      | (626)             |                           | 46,049         |

|   |                 |         |        |         |       |              |
|---|-----------------|---------|--------|---------|-------|--------------|
| Harex Info Tech, Inc.                     | (Note b)        | 62      |        |         |       | 62           |
| SK Mobile                                 | (Note b)        | 2,111   |        |         |       | 2,111        |
| SKT Vietnam PTE Ltd.                      | (Note a)        | 26,264  |        | (818)   | (906) | 24,540       |
|   | (Notes a and c) |         |        |         |       |              |
| Skytel Co., Ltd.                          | (Note b)        | 14,958  |        | 1,862   | 1,772 | (444) 18,148 |
| SK China Company Ltd.                     | (Note b)        | 3,919   |        |         |       | 3,919        |
| SK Telecom China Co., Ltd. TR             | (Note b)        | 9,443   |        |         |       | 9,443        |
| Entertainment ULand Company Ltd.          | (Note b)        | 7,560   |        | (806)   |       | 6,754        |
| SKT Americas, Inc.                        | (Note a)        | 3,819   |        | (138)   | 148   | 3,829        |
| SK Telecom China Holding Co., Ltd.        | (Note a)        | 26,131  | 28,036 | (7,497) | 3,384 | 50,054       |
| SK USA, Inc.                              | (Note b)        | 23,396  | 4,656  | 2,493   | (928) | 29,617       |
| Helio, Inc.                               | (Note b)        | 5,498   |        |         |       | 5,498        |
| Korea IT Fund 1st Music Investment Fund   | (Note a)        | 220,957 |        | 6,061   | 954   | 227,972      |
| 2nd Music Investment Fund                 | (Note b)        | 4,695   |        |         |       | 4,695        |
| SK-KTB Music Investment Fund              | (Note a)        | 8,036   |        | (549)   |       | 7,487        |
| Stonebridge Cinema Fund                   | (Note a)        | 13,538  |        | 431     | 925   | 14,894       |
| Michigan Global Cinema Fund               | (Note b)        | 8,255   |        | (62)    |       | 8,193        |
| 3rd Fund of Isu Entertainment             | (Note b)        | 3,651   |        | (66)    |       | 3,585        |
| SK Telecom Advanced Tech & Service Center | (Note b)        | 1,635   |        |         |       | 1,635        |
| Cyworld China Holdings                    | (Note b)        | 9,536   |        |         |       | 9,536        |
| Magic Tech Network Co., Ltd.              | (Note b)        |         |        | (11)    | 11    |              |
|   | (Note b)        | 5,267   |        | (618)   |       | 4,649        |

|  |             |         |       |        |         |
|--|-------------|---------|-------|--------|---------|
| SK Telecom<br>Global Investment B.V.       | (Note<br>a) | 41,013  | (8)   | 1,499  | 42,504  |
| SKY Property<br>Mgmt. Ltd.                 | (Note<br>a) | 264,850 | 838   | 14,167 | 279,855 |
| Wave City<br>Development Co.<br>Ltd.       | (Note<br>b) | 1,532   |       |        | 1,532   |
| Prmaxsoftware<br>Tech. Co., Ltd.           | (Note<br>b) | 2,432   |       |        | 2,432   |
| Benex Digital<br>Cultural Contents<br>Fund | (Note<br>b) | 4,912   | (218) |        | 4,694   |
| Benex Focus<br>Limited<br>Partnership II   | (Note<br>a) | 19,782  | (273) |        | 19,509  |

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For the six months ended June 30, 2010

|  | Beginning<br>balance | Acquisi-<br>-tion | Equity in<br>earnings<br>(losses) | Equity in<br>other<br>com-<br>prehen-<br>sive<br>income | Capital<br>Surplus | Equity<br>method<br>in<br>capital<br>adjustments | Dividend<br>received | Other<br>increase<br>(decrease) | Ending<br>balance |
|--|----------------------|-------------------|-----------------------------------|---|--------------------|--|----------------------|---------------------------------|-------------------|
| K-net Culture<br>& Contents (Note<br>Venture Fund b)             | 11,157               |                   | (312)                             |   |                    |  |                      |                                 | 10,845            |
| Open<br>Innovation (Note<br>Fund a)                              | 19,938               |                   | (195)                             |   |                    |  |                      |                                 | 19,743            |
| (Note<br>UniSK b)  | 4,247                |                   |                                   |   |                    |  |                      |                                 | 4,247             |
| SK Beijing<br>Industrial<br>Development (Note<br>Co., Limited b) | 18,009               |                   |                                   |   |                    |  |                      |                                 | 18,009            |
| Cyworld (Note<br>Japan b)  | 66                   |                   |                                   |   |                    |  |                      |                                 | 66                |
| (Note<br>Cyworld Inc. b)   |                      |                   |                                   |   |                    |  |                      |                                 |                   |
| Daehan<br>Kanggun (Note<br>BcN Co., Ltd. b)                      | 7,272                |                   | (10)                              |   |                    |  |                      |                                 | 7,262             |
| SK Telecom<br>Europe (Note<br>Limited b)                         | 1,286                |                   |                                   |   |                    |  |                      |                                 | 1,286             |
| SK Fans Co., (Note<br>Limited b)                                 |                      | 1,125             |                                   |   |                    |  |                      |                                 | 1,125             |
| SK Telecom<br>Smart City<br>Management (Note<br>Co., Ltd. b)     |                      | 1,709             |                                   |   |                    |  |                      |                                 | 1,709             |
| Service Ace (Note<br>Co., Ltd. b)                                |                      | 21,927            |                                   |   |                    |  |                      |                                 | 21,927            |
| Service Top (Note<br>Co., Ltd. b)                                |                      | 14,281            |                                   |   |                    |  |                      |                                 | 14,281            |
| Network<br>O&S Co., (Note<br>Ltd. b)                             |                      | 15,000            |                                   |   |                    |  |                      |                                 | 15,000            |
| YTK<br>Investment, (Note<br>Ltd. b)                              |                      | 28,000            |                                   |   |                    |  |                      |                                 | 28,000            |

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|   |            |          |          |         |      |        |         |     |            |
|---|------------|----------|----------|---------|------|--------|---------|-----|------------|
| Total                                   | ₩2,680,872 | 597,210  | (37,460) | 18,081  | 907  | (300)  | (9,512) | 221 | ₩3,250,019 |
| Less: three months ended March 31, 2010 |            | 420,584  | (33,338) | (9,178) | (62) | 679    | (9,016) | 221 |            |
| Three months ended June 30, 2010        |            | ₩176,626 | (₩4,122) | ₩27,259 | ₩969 | (₩979) | (₩496)  | ₩   |            |

(Note a) Investments were recorded using the equity method of accounting based on unaudited and unreviewed financial statements as of and for the six months ended June 30, 2010. In order to verify the reliability of such unaudited and unreviewed financial statements, the Company has performed the following procedures and found no significant errors:

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

(Note b) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2009 as information as of June 30, 2010 was not available. The expected change in the Company's portion of stockholders' equity of the investee for the six months ended June 30, 2010 is immaterial.

(Note c) The Company received dividends from SK Telink Co., Ltd., Paxnet Co., Ltd., Loen Entertainment, Inc., and Skytel Co., Ltd. and the corresponding amounts were deducted from the carrying amount of equity securities accounted for using the equity method.

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|                            |  | For the six months ended June 30, 2009 |             |                             |                                      |                 |                                    |                                      |                   |                           |                |
|----------------------------|--|--|-------------|-----------------------------|--------------------------------------|-----------------|------------------------------------|--------------------------------------|-------------------|---------------------------|----------------|
|                            |  | Beginning balance                      | Acquisition | Equity in earnings (losses) | Equity in other comprehensive income | Capital surplus | Equity method in retained earnings | Equity method in capital adjustments | Dividend received | Other increase (decrease) | Ending balance |
| band (Note a)              |  | ₩ 1,146,736                            | ₩           | (₩36,415)                   | ₩ 662                                | ₩               | (₩56,043)                          | (₩4,999)                             | ₩                 | ₩                         | ₩ 1,146,736    |
| ications (Note a)          |  | 147,392                                |             | (7,273)                     | (18,629)                             | 2,039           |                                    | 18,202                               |                   |                           |                |
| k Co., and (Notes a and c) |  | 112,358                                |             | 13,353                      | 270                                  |                 |                                    |                                      | (6,325)           |                           |                |
| eting & y Co., (Note a)    |  | 101,345                                |             | 7,082                       | (4,877)                              |                 |                                    |                                      |                   |                           |                |
| keting ion erns (Note a)   |  |  | 150,000     | (9,628)                     |                                      |                 |                                    |                                      |                   |                           |                |
| Club (Note b)              |  |  |             | (1)                         |                                      |                 |                                    |                                      |                   |                           |                |
| o., Ltd. (Notes a and c)   |  | 30,086                                 |             | 773                         | (281)                                |                 |                                    | 281                                  | (492)             |                           |                |
| on Co., (Note b)           |  | 4,244                                  |             | (87)                        |                                      |                 |                                    |                                      |                   |                           |                |
| a Corp. (Note a)           |  | 14,847                                 |             | (2,254)                     | 36                                   | (36)            |                                    |                                      |                   |                           |                |
| Co., (Note d)              |  | 7,289                                  |             |                             |                                      |                 |                                    |                                      |                   | (7,289)                   |                |
| (Note a)                   |  | 26,957                                 |             | (3,819)                     | (5,103)                              |                 |                                    | 5,970                                |                   |                           |                |
| oft Co., (Note a)          |  | 9,575                                  |             | (637)                       | 8                                    |                 |                                    | 49                                   |                   |                           |                |
| ce Plane (Note b)          |  | 1,535                                  |             | (428)                       |                                      |                 |                                    |                                      |                   |                           |                |
| ment, (Note a)             |  | 35,895                                 |             | 421                         | 2,989                                |                 |                                    | (322)                                |                   |                           |                |
| o Tech, (Note b)           |  | 598                                    |             | (177)                       |                                      |                 |                                    |                                      |                   |                           |                |
| le (Note b)                |  | 2,111                                  |             |                             |                                      |                 |                                    |                                      |                   |                           |                |
| tnam (Note a)              |  | 112,160                                |             | (13,683)                    | 2,675                                |                 |                                    |                                      |                   |                           |                |

|                      |         |       |         |         |       |
|----------------------|---------|-------|---------|---------|-------|
| (Note<br>d., Ltd. a) | 12,381  |       | 3,709   | (1,355) |       |
| (Note<br>y Ltd. b)   | 3,657   |       | (176)   | (11)    |       |
| (Note<br>o., Ltd. b) | 7,157   |       | 5       | 3,096   |       |
| (Note<br>ment a)     | 9,626   |       | (932)   | 65      |       |
| (Note<br>ompany a)   | 5,401   |       | (935)   | 105     |       |
| (Note<br>obile a)    | 62,096  |       | (9,216) | (154)   |       |
| (Note<br>ericas, a)  | 36,126  |       | (4,629) | (77)    |       |
| (Note<br>olding a)   | 30,780  | 6,302 | (3,518) | 521     |       |
| (Note<br>Inc. b)     | 5,041   |       | 182     | 26      |       |
| (Note<br>c. b)       | 116     |       |         | (26)    | 26    |
| (Note<br>Fund a)     | 210,725 |       | (734)   | 175     |       |
| (Note<br>nt Fund b)  | 5,688   |       | (1,181) | 153     |       |
| (Note<br>nt Fund b)  | 8,441   |       | (547)   |         |       |
| (Note<br>nt Fund a)  | 13,954  |       | (600)   | 133     | 1     |
| (Note<br>ema a)      | 8,435   |       | (194)   |         |       |
| (Note<br>Global b)   | 3,577   |       |         |         |       |
| (Note<br>of Isu b)   | 1,568   |       |         |         |       |
| (Note<br>d Tech b)   | 10,053  |       | (194)   | (31)    |       |
| (Note<br>China b)    | 2,117   |       | 179     | (193)   | (928) |
| (Note<br>ech b)      | 7,725   |       | (618)   |         |       |
| (Note<br>nt B.V. a)  | 31,866  | 7,030 | 17      | (239)   |       |
| (Note<br>perty a)    | 287,405 |       | (487)   | 7,154   |       |
| (Note<br>y b)        | 1,908   |       |         |         |       |
| (Note<br>ment Co. b) |         |       |         |         |       |

|                                 |                        |                      |                        |                        |                  |              |                  |              |              |                        |
|---------------------------------|------------------------|----------------------|------------------------|------------------------|------------------|--------------|------------------|--------------|--------------|------------------------|
| Software (Note<br>, Ltd. b)     | 7,127                  |                      | (345)                  |                        |                  |              |                  |              |              |                        |
| Digital<br>Contents (Note<br>b) | 5,068                  |                      |                        |                        |                  |              |                  |              |              |                        |
| ocus<br>(Note<br>ip II a)       | 20,089                 |                      | (46)                   |                        |                  |              |                  |              |              |                        |
| ulture &<br>Venture (Note<br>b) | 5,856                  |                      |                        |                        |                  |              |                  |              |              |                        |
| novation (Note<br>a)            | 20,044                 |                      | 11                     |                        |                  |              |                  |              |              |                        |
|                                 | <del>₩</del> 2,577,155 | 163,332              | (73,022)               | (12,908)               | 2,003            | (56,043)     | 18,280           | (6,817)      | (7,289)      | <del>₩</del> 2,577,155 |
| ee<br>ended<br>, 2009           |                        | 7,030                | (36,800)               | 16,418                 | 1,758            | (56,043)     | 17,921           | (6,817)      | (7,289)      |                        |
| onths<br>ne 30,                 |                        | <del>₩</del> 156,302 | ( <del>₩</del> 36,222) | ( <del>₩</del> 29,326) | <del>₩</del> 245 | <del>₩</del> | <del>₩</del> 359 | <del>₩</del> | <del>₩</del> | <del>₩</del>           |

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- (Note a) Investments were recorded using the equity method of accounting based on unaudited and unreviewed financial statements as of and for the six months ended June 30, 2009. In order to examine the reliability of such unaudited and unreviewed financial statements, the Company has performed the following procedures and found no significant errors:
- i) obtained the signature from the chief executive officer of the equity method investee asserting that the unaudited and unreviewed financial statements are accurate
  - ii) examined whether the major transactions specifically identified by the Company, and public disclosures, were appropriately reflected in the unaudited and unreviewed financial statements
  - iii) performed an analytical review on the unaudited and unreviewed financial statements
- (Note b) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2008 as information as of June 30, 2009 was not available. The expected change in the Company's portion of stockholders' equity of the investee for the six months ended June 30, 2009 is immaterial.
- (Note c) The Company received dividends from SK Telink Co., Ltd. and Paxnet Co., Ltd., and the corresponding accounts were deducted from the carrying amount of equity method securities.
- (note d) Other decrease in investments in Aircross Co., Ltd. represents the collection of the Company's investment resulting from the full liquidation of Aircross Co., Ltd.
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Details of changes in the differences between the acquisition cost and net asset value of equity method investees at the acquisition date for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

## For the six months ended June 30, 2010

|   | Beginning<br>balance | Increase/<br>(Decrease) | Amortization    | Ending<br>balance |
|---|----------------------|-------------------------|-----------------|-------------------|
| SK Broadband Co., Ltd.                  | ₩ 534,955            | ₩                       | (₩21,088)       | ₩ 513,867         |
| SK Communications Co., Ltd.             | 11,229               |                         | (446)           | 10,783            |
| HanaSK Card Co., Ltd.                   |                      | 70,690                  | (1,157)         | 69,533            |
| Paxnet Co., Ltd.                        | 13,946               |                         | (536)           | 13,410            |
| F&U Credit information Co., Ltd.        | 461                  |                         | (21)            | 440               |
| IHQ, Inc.                               | 8,260                |                         | (1,377)         | 6,883             |
| Loen Entertainment, Inc.                | 408                  |                         | (408)           |                   |
| TR Entertainment                        | 5,243                |                         | (807)           | 4,436             |
| Magic Tech Network Co., Ltd.            | 4,326                |                         | (618)           | 3,708             |
| Daehan Kanggun BcN Co., Ltd.            |                      | 9                       | (9)             |                   |
| <b>Total</b>                            | <b>₩ 578,828</b>     | <b>70,699</b>           | <b>(26,467)</b> | <b>₩ 623,060</b>  |
| Less: three months ended March 31, 2010 |                      | 70,094                  | (13,634)        |                   |
| Three months ended June 30, 2010        |                      | ₩ 605                   | (₩12,833)       |                   |

## For the six months ended June 30, 2009

|   | Beginning<br>balance | Increase/<br>(decrease) | Amortization    | Ending<br>balance |
|---|----------------------|-------------------------|-----------------|-------------------|
| SK Broadband Co., Ltd.                  | ₩ 534,051            | ₩                       | (₩5,062)        | ₩ 528,989         |
| SK Communications Co., Ltd.             | 12,122               |                         | (446)           | 11,676            |
| Paxnet Co., Ltd.                        | 15,018               |                         | (536)           | 14,482            |
| F&U Credit Information Co., Ltd.        | 503                  |                         | (11)            | 492               |
| IHQ, Inc.                               | 13,767               |                         | (2,753)         | 11,014            |
| Ntreev Soft Co., Ltd.                   | 595                  |                         | (297)           | 298               |
| Loen Entertainment, Inc.                | 1,223                |                         | (408)           | 815               |
| Harex Info Tech, Inc.                   | 351                  |                         | (176)           | 175               |
| Skytel Co., Ltd.                        | (1,387)              |                         | 1,387           |                   |
| SK China Company Ltd.                   | 106                  |                         | (106)           |                   |
| TR Entertainment                        | 6,856                |                         | (807)           | 6,049             |
| Virgin mobile USA, Inc.                 | 125,930              |                         | (13,256)        | 112,674           |
| Magic Tech Network                      | 5,562                |                         | (618)           | 4,944             |
| Prmaxsoftware Tech. Co., Ltd.           | 691                  |                         | (345)           | 346               |
| <b>Total</b>                            | <b>₩ 715,388</b>     |                         | <b>(23,434)</b> | <b>₩ 691,954</b>  |
| Less: three months ended March 31, 2009 |                      |                         | (4,019)         |                   |
| Three months ended June 30, 2009        |                      | ₩                       | (₩19,415)       |                   |



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Details of changes in unrealized inter-company gains incurred from sales of assets for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

|   | For the six months ended June 30, 2010 |          |          | Ending<br>balance |
|---|--|----------|----------|-------------------|
|   | Beginning<br>balance                   | Increase | Decrease |                   |
| SK Communications Co., Ltd.             | ₩ 128                                  | ₩        | (₩128)   | ₩                 |
| SK China Company Ltd.                   | 1,086                                  |          |          | 1,086             |
| Total                                   | ₩ 1,214                                |          | (128)    | ₩ 1,086           |
| Less: three months ended March 31, 2010 |  |          | (128)    |                   |
| Three months ended June 30, 2010        |  | ₩        | ₩        |                   |

| Subsidiary                              | For the six months ended June 30, 2009 |          |          | Ending<br>balance |
|---|--|----------|----------|-------------------|
|   | Beginning<br>balance                   | Increase | Decrease |                   |
| SK Communications Co., Ltd.             | ₩ 269                                  | ₩        | (₩70)    | ₩ 199             |
| SK China Company Ltd.                   | 1,086                                  |          |          | 1,086             |
| Total                                   | ₩ 1,355                                |          | (70)     | ₩ 1,285           |
| Less: three months ended March 31, 2009 |  |          | (35)     |                   |
| Three months ended June 30, 2009        |  | ₩        | (₩35)    |                   |

Details of market price of the equity securities accounted for using the equity method as of June 30, 2010 are as follows (In millions of Korean won, except for market price per share):

|                             | Market price                    | Number of<br>shares owned by<br>the<br>Company | Market price |
|-----------------------------|---------------------------------|--|--------------|
|                             | per share<br>(In Korean<br>won) |  |              |
| SK Broadband Co., Ltd.      | ₩ 6,010                         | 149,638,354                                    | ₩899,327     |
| SK Communications Co., Ltd. | 20,100                          | 28,029,945                                     | 563,402      |
| IHQ, Inc.                   | 875                             | 14,960,784                                     | 13,091       |
| Loen Entertainment, Inc.    | 5,300                           | 16,054,812                                     | 85,091       |

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The condensed financial information of the investees as of and for the six months ended June 30, 2010 is as follows  
(In millions of Korean won):

|                                       | Total<br>assets | Total<br>liabilities | Revenue    | Net<br>income (loss) |
|---------------------------------------|-----------------|----------------------|------------|----------------------|
| SK Broadband Co., Ltd.                | ₩3,045,030      | ₩1,698,519           | ₩1,001,483 | (₩48,158)            |
| SK Communications Co., Ltd.           | 302,477         | 83,153               | 112,288    | 4,353                |
| SK Telink Co., Ltd.                   | 233,362         | 77,096               | 156,810    | 20,061               |
| SK Marketing & Company Co., Ltd.      | 645,337         | 418,179              | 189,652    | 8,529                |
| HanaSK Card Co., Ltd.                 | 2,283,037       | 1,616,043            | 219,729    | 243,318              |
| PS&Marketing Corporation              | 364,797         | 162,456              | 320,509    | (11,505)             |
| Paxnet Co., Ltd.                      | 38,793          | 12,401               | 16,800     | 249                  |
| TU Media Corp.                        | 235,813         | 210,358              | 63,383     | (1,289)              |
| IHQ, Inc.                             | 46,490          | 18,419               | 19,357     | (2,212)              |
| Ntreev Soft Co., Ltd.                 | 29,362          | 14,495               | 11,151     | 2,991                |
| Loen Entertainment, Inc.              | 116,506         | 43,963               | 68,531     | 11,131               |
| SKT Vietnam PTE Ltd.                  | 49,212          | 15,742               | 120        | (864)                |
| Skytel Co., Ltd.                      | 69,667          | 7,821                | 15,007     | 7,036                |
| ULand Company Limited                 | 8,196           | 2,738                | 1,424      | (197)                |
| SKT Americas, Inc                     | 52,751          | 2,697                | 9,216      | (6,671)              |
| SK Telecom China Holdings Co., Ltd.   | 33,382          | 3,765                | 11,961     | 1,103                |
| Korea IT Fund                         | 359,956         |                      | 15,519     | 11,542               |
| SKT-KTB Music Investment Fund         | 20,132          | 53                   | 849        | 581                  |
| Stonebridge Cinema Fund               | 18,071          | 115                  | 71         | 27                   |
| SK Telecom Global Investment B.V.     | 42,569          | 65                   | 54         | (8)                  |
| SKY Property Mgmt. Ltd.               | 581,952         | 115,527              | 19,921     | 1,628                |
| 2nd Benex Focus investment Fund       | 29,265          | 1                    | 180        | (409)                |
| K-net Culture & Contents Venture Fund | 18,386          | 4                    | 110        | (528)                |
| Open Innovation Fund                  | 20,039          |                      | 198        | (200)                |

**5. LOANS TO EMPLOYEES**

Short-term and long-term loans to employees as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

|  | Short-term | June 30, 2010<br>Long-term | Total    | December<br>31,<br>2009 |
|--|------------|----------------------------|----------|-------------------------|
| Loans to employees stock ownership Association<br>(Note) | ₩ 12,033   | ₩ 38,642                   | ₩ 50,675 | ₩ 58,198                |
| Loans to employees for housing and other                 | 17         | 2                          | 19       | 45                      |
| Total  | ₩ 12,050   | ₩ 38,644                   | ₩ 50,694 | ₩ 58,243                |

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

**Table of Contents****6. PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

|                                | Useful<br>lives<br><br>(years) | June 30, 2010 | December 31,<br>2009 |
|--------------------------------|--------------------------------|---------------|----------------------|
| Land                           |                                | ₩ 409,916     | ₩ 416,732            |
| Buildings and structures       | 30,15                          | 1,575,145     | 1,577,119            |
| Machinery                      | 6                              | 13,591,129    | 14,236,456           |
| Vehicles                       | 4                              | 52,543        | 54,189               |
| Other                          | 4                              | 1,091,037     | 1,004,183            |
| Construction in progress       |                                | 452,129       | 336,835              |
|                                |                                | 17,171,899    | 17,625,514           |
| Less: accumulated depreciation |                                | (12,346,019)  | (12,428,993)         |
| Property and equipment, net    |                                | ₩ 4,825,880   | ₩ 5,196,521          |

Details of change in property and equipment for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

|                             | For the six months ended June 30, 2010 |             |           |           |              | Ending<br>balance |
|-----------------------------|--|-------------|-----------|-----------|--------------|-------------------|
|                             | Beginning<br>balance                   | Acquisition | Disposal  | Transfer  | Depreciation |                   |
| Land                        | ₩ 416,732                              | ₩ 104       | (₩6,920)  | ₩         | ₩            | ₩ 409,916         |
| Buildings and<br>structures | 1,011,127                              | 85          | (1,231)   | 228       | (35,327)     | 974,882           |
| Machinery                   | 3,101,103                              | 6,361       | (3,386)   | 156,125   | (655,040)    | 2,605,163         |
| Vehicles                    | 34,249                                 | 174         | (102)     |           | (1,980)      | 32,341            |
| Other                       | 296,476                                | 251,208     | (1,119)   | (152,166) | (42,950)     | 351,449           |
| Construction in<br>progress | 336,834                                | 156,393     | (58)      | (41,040)  |              | 452,129           |
| Total                       | ₩ 5,196,521                            | ₩ 414,325   | (₩12,816) | (₩36,853) | (₩735,297)   | ₩ 4,825,880       |

|                             | For the six months ended June 30, 2009 |             |          |          |              | Ending<br>balance |
|-----------------------------|--|-------------|----------|----------|--------------|-------------------|
|                             | Beginning<br>balance                   | Acquisition | Disposal | Transfer | Depreciation |                   |
| Land                        | ₩ 447,088                              | ₩ 8,431     | (₩70)    | ₩ 518    | ₩            | ₩ 455,967         |
| Buildings and<br>structures | 1,012,226                              | 940         |          | 151      | (28,241)     | 985,076           |
| Machinery                   | 2,594,086                              | 7,513       | (1,629)  | 408,653  | (578,833)    | 2,429,790         |

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|                          |                        |                      |                        |                        |                         |                        |
|--------------------------|------------------------|----------------------|------------------------|------------------------|-------------------------|------------------------|
| Vehicles                 | 2,035                  | 43                   | (41)                   |                        | (556)                   | 1,481                  |
| Other                    | 361,205                | 500,215              | (15,327)               | (479,935)              | (46,740)                | 319,418                |
| Construction in progress | 281,574                | 130,510              |                        | 14,302                 |                         | 426,386                |
| Total                    | <del>₩</del> 4,698,214 | <del>₩</del> 647,652 | ( <del>₩</del> 17,067) | ( <del>₩</del> 56,311) | ( <del>₩</del> 654,370) | <del>₩</del> 4,618,118 |

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**Table of Contents****7. INTANGIBLE ASSETS**

Intangible assets as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

|                            | Acquisition cost | June 30, 2010            |                  | Acquisition cost | December 31, 2009        |                  |
|----------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                            |                  | Accumulated amortization | Carrying amounts |                  | Accumulated amortization | Carrying amounts |
| Goodwill                   | ₩ 2,340,495      | (₩1,096,814)             | ₩ 1,243,681      | ₩ 2,340,495      | (₩1,032,073)             | ₩ 1,308,422      |
| Frequency use rights       | 1,385,120        | (716,146)                | 668,974          | 1,385,120        | (657,880)                | 727,240          |
| Software development costs | 192,040          | (182,124)                | 9,916            | 192,040          | (179,512)                | 12,528           |
| Computer software          | 1,427,487        | (913,577)                | 513,910          | 1,370,128        | (807,854)                | 562,274          |
| Other                      | 151,944          | (97,270)                 | 54,674           | 148,947          | (93,475)                 | 55,472           |
|                            | ₩ 5,497,086      | (₩3,005,931)             | ₩ 2,491,155      | ₩ 5,436,730      | (₩2,770,794)             | ₩ 2,665,936      |

Details of changes in intangible assets for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

|                            | Beginning balance | For the six months ended June 30, 2010 |          |          |              | Ending balance |
|----------------------------|-------------------|--|----------|----------|--------------|----------------|
|                            |                   | Increase                               | Decrease | Transfer | Amortization |                |
| Goodwill                   | ₩ 1,308,422       | ₩                                      | ₩        | ₩        | (₩64,741)    | ₩ 1,243,681    |
| Frequency use rights       | 727,240           |  |          |          | (58,266)     | 668,974        |
| Software development costs | 12,528            |  |          |          | (2,612)      | 9,916          |
| Computer software          | 562,274           | 3,273                                  | (4,458)  | 83,407   | (130,586)    | 513,910        |
| Other                      | 55,472            | 3,153                                  | (12)     | 2,044    | (5,983)      | 54,674         |
| Total                      | ₩ 2,665,936       | ₩ 6,426                                | (₩4,470) | ₩ 85,451 | (₩262,188)   | ₩ 2,491,155    |

|                            | Beginning balance | For the six months ended June 30, 2009 |          |          |              | Ending balance |
|----------------------------|-------------------|--|----------|----------|--------------|----------------|
|                            |                   | Increase                               | Decrease | Transfer | Amortization |                |
| Goodwill                   | ₩ 1,439,366       | ₩                                      | ₩        | ₩        | (₩64,940)    | ₩ 1,374,426    |
| Frequency use rights       | 843,771           |  |          |          | (58,266)     | 785,505        |
| Software development costs | 13,489            |  |          |          | (2,277)      | 11,212         |
| Computer software          | 588,254           | 1,804                                  | (138)    | 56,563   | (106,180)    | 540,303        |
| Other                      | 56,712            | 4,991                                  | (87)     | 50       | (5,244)      | 56,422         |

|       |             |         |        |          |            |             |
|-------|-------------|---------|--------|----------|------------|-------------|
| Total | ₩ 2,941,592 | ₩ 6,795 | (₩225) | ₩ 56,613 | (₩236,907) | ₩ 2,767,868 |
|-------|-------------|---------|--------|----------|------------|-------------|

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The book value as of June 30, 2010 and residual useful lives of major intangible assets are as follows (In millions of Korean won):

|               | Amount     | Description  | Residual useful lives |
|---------------|------------|--|-----------------------|
| Goodwill      | ₩1,241,905 | Goodwill related to acquisition of Shinsegi Telecomm, Inc. | 9 years and 9 months  |
| IMT license   | 629,207    | Frequency use rights relating to W-CDMA Service            | (Note a)              |
| WiBro license | 35,512     | WiBro Service  | (Note b)              |
| DMB license   | 4,255      | DMB Service  | 6 years               |

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

In addition, the Company purchased W-CDMA frequency use right for ₩102,432 million during May, 2010, which is recognized as construction in progress and will be amortized starting from its expected usable period in October 2010.

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

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

Bonds payable as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won and thousands of Foreign Currency):

|   | Maturity<br>Year | Annual interest<br>rate (%)                   | June<br>30, 2010 | December<br>31, 2009 |
|---|------------------|---|------------------|----------------------|
| Domestic general bonds                    | 2010             | 4.0   | ₩                | ₩ 140,000            |
|   | 2010             | 6.77  | 50,000           | 50,000               |
|   | 2011             | 3.0   | 200,000          | 200,000              |
|   | 2013             | 4.0   | 200,000          | 200,000              |
|   | 2013             | 6.92  | 250,000          | 250,000              |
|   | 2014             | 5.0   | 200,000          | 200,000              |
|   | 2015             | 5.0   | 200,000          | 200,000              |
|   | 2016             | 5.0   | 200,000          | 200,000              |
|   | 2016             | 5.54  | 40,000           | 40,000               |
|   | 2016             | 5.92  | 230,000          | 230,000              |
|   | 2018             | 5.0   | 200,000          | 200,000              |
| Dollar denominated bonds<br>(US\$300,000) | 2011             | 4.25  | 363,090          | 350,280              |
| Dollar denominated bonds<br>(US\$400,000) | 2027             | 6.63  | 484,120          | 467,040              |
| Yen denominated bonds<br>(JPY 12,500,000) | 2012             | 3-month Euro Yen<br>LIBOR rate +0.55 (Note a) | 170,570          | 157,852              |
| Yen denominated bonds<br>(JPY 5,000,000)  | 2012             | 3-month Euro Yen<br>TIBOR rate +2.5 (Note b)  | 68,228           | 63,141               |
| Yen denominated bonds<br>(JPY 3,000,000)  | 2012             | 3-month Euro Yen<br>LIBOR rate +2.5 (Note a)  | 40,937           | 37,885               |
| Convertible bonds<br>(US\$332,528)        | 2014             | 1.75  | 437,673          | 437,673              |
| Floating rate notes<br>(US\$150,000,000)  | 2010             | 3-month<br>LIBOR rate +3.05 (Note c)          | 181,545          | 175,140              |
| Floating rate notes<br>(U S\$220,000,000) | 2012             | 3-month<br>LIBOR rate +3.15 (Note c)          | 266,266          | 256,872              |
| Total                                     |                  |   | 3,782,429        | 3,855,883            |
| Less discounts on bonds                   |                  |   | (55,149)         | (61,227)             |
| Less conversion right<br>adjustments      |                  |   | (73,160)         | (81,235)             |
| Net                                       |                  |   | 3,654,120        | 3,713,421            |
| Less portion due within<br>one year       |                  |   | (593,779)        | (364,205)            |
| Long-term portion                         |                  |   | ₩ 3,060,341      | ₩ 3,349,216          |

(Note a) The 3-months Euro Yen LIBOR rate as of June 30, 2010 is 0.24%.

(Note b) The 3-months Euro Yen TIBOR rate as of June 30, 2010 is 0.38%.

(Note c) The 3-months LIBOR rate as of June 30, 2010 is 0.53%.

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

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On April 7, 2009, the Company issued convertible bonds with a maturity of five years in the principal amount of US\$332,528,000 for US\$326,397,463 with an initial conversion price of ₩221,370 per share of the Company's common stock, which was greater than market value at the date of issuance. The Company may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the conversion price during a predetermined period. On the other hand, the bond holders may redeem their notes at 100% of the principal amount on April 7, 2012 (3 years from the issuance date). The conversion right may be exercised during the period from May 18, 2009 to March 24, 2014 and the number of common shares to be converted as of June 30, 2010 is 2,078,055 shares.

Conversion of notes to common shares may be prohibited under the Telecommunications Law or other legal restrictions which restrains foreign governments, individuals and entities from owning more than 49% of the Company's voting stock, if this 49% ownership limitation is violated due to the exercise of conversion rights. In this case, the Company will pay a bond holder as cash settlement determined at the average price of one day after a holder exercises its conversion right or the weighted average price for the following five or twenty business days. The Company intends to sell treasury shares held in trust by the Company that corresponds to the number of shares of common stock that would have been delivered in the absence of the 49% foreign shareholding restrictions. Unless either previously redeemed or converted, the notes are redeemable at 100% of the principal amount at maturity.

During the six months ended June 30, 2010, no conversion was made.

**9. LONG-TERM BORROWINGS**

Long-term borrowings as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won and thousands of U.S. dollars):

|                                       | Lender       | Final maturity year | Annual interest rate (%) (Note) | June 30, 2010 | December 31, 2009 |
|---------------------------------------|--------------|---------------------|---------------------------------|---------------|-------------------|
| Long-term floating rate discount bill | Shinhan Bank | June 29, 2011       | 91 days CD yield + 0.25%        | ₩ 200,000     | ₩ 200,000         |
| Long-term floating rate borrowings    | KDB          | July 28, 2011       | 91 days CD yield + 1.02%        | ₩ 100,000     | ₩ 100,000         |
|                                       | Citibank     | July 29, 2011       | 91 days CD yield + 1.20%        | ₩ 100,000     | ₩ 100,000         |
|                                       | Nonghyup     | July 30, 2011       | 91 days CD yield + 1.30%        | ₩ 100,000     | ₩ 100,000         |
|                                       | Hana Bank    | July 31, 2011       | 91 days CD yield + 1.50%        | ₩ 150,000     | ₩ 150,000         |
|                                       | Nonghyup     | August 12, 2011     | 91 days CD yield + 1.50%        | ₩ 50,000      | ₩ 50,000          |
|                                       | Calyon Bank  | October 10, 2013    | 6M LIBOR + 0.29%                | US\$ 50,000   | US\$ 50,000       |
|                                       | DBS Bank     | October 10, 2013    | 6M LIBOR + 0.29%                | US\$ 25,000   | US\$ 25,000       |
|                                       | SMBC         | October 10, 2013    | 6M LIBOR + 0.29%                | US\$ 25,000   | US\$ 25,000       |
|                                       |              |                     |                                 | ₩ 700,000     | ₩ 700,000         |
| Total                                 |              |                     |                                 | US\$ 100,000  | US\$ 100,000      |

|                          |   |           |   |         |
|--------------------------|---|-----------|---|---------|
| Equivalent in Korean won | ₩ | 821,030   | ₩ | 816,760 |
| Less current portion     |   | (200,000) |   |         |
| Long-term borrowings     | ₩ | 621,030   | ₩ | 816,760 |

(Note) At June 30, 2010, the 91 days CD yield and the 6M LIBOR rate are 2.46% and 0.75%, respectively.

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**Table of Contents****10. CAPITAL STOCK AND CAPITAL SURPLUS**

The Company's capital stock consists entirely of common stock with a par value of ₩500. The number of authorized and issued shares as of June 30, 2010 and December 31, 2009 are as follows:

|   | June 30, 2010 | December 31,<br>2009 |
|---|---------------|----------------------|
| Authorized shares                         | 220,000,000   | 220,000,000          |
| Issued shares                             | 80,745,711    | 80,745,711           |
| Outstanding shares, net of treasury stock | 72,344,999    | 72,344,999           |

Significant changes in capital stock and capital surplus for the six months ended June 30, 2010 and for the year ended December 31, 2009 are as follows (In millions of Korean won except for share data):

|  | Number of<br>shares<br>issued (Note) | Capital<br>stock | Additional paid<br>in<br>capital |
|--|--------------------------------------|------------------|----------------------------------|
| For the year ended December 31, 2009   | 80,745,711                           | ₩ 44,639         | ₩ 2,915,887                      |
| For the six months ended June 30, 2010 | 80,745,711                           | ₩ 44,639         | ₩ 2,915,887                      |

(Note) During the year ended December 31, 2003, 2006 and 2009, the Company retired 7,002,235 shares, 1,083,000 shares and 448,000 shares, respectively, and reduced retained earnings before appropriations in accordance with Korean Commercial Laws. As a result, the total par value of outstanding capital stock does not agree to the capital balance of capital stock. In addition, there are no changes in capital stock for the six months ended June 30, 2010 and the year ended December 31, 2009.

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**Table of Contents****11. INCOME TAX**

## a. Details of income tax expense

Income tax expense for the three months and the six months ended June 30, 2010 and 2009 consists of the following (In millions of Korean won):

|  | For six months ended June 30, |           |
|--|-------------------------------|-----------|
|  | 2010                          | 2009      |
| Current  | ₩ 271,221                     | ₩ 221,736 |
| Changes in net deferred tax liabilities (note a) | (54,608)                      | (22,021)  |
| Income tax expense                               | 216,613                       | 199,715   |
| Less three months ended March 31                 | (87,198)                      | (106,548) |
| Three months ended June 30                       | ₩ 129,415                     | ₩ 93,167  |

(Note a) Changes in net deferred tax liabilities for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

|  | For six months ended June 30, |           |
|--|-------------------------------|-----------|
|  | 2010                          | 2009      |
| Ending balance of net deferred tax liabilities (assets)  | (₩90,250)                     | ₩ 307,549 |
| Beginning balance of net deferred tax liabilities  | (16,033)                      | (257,939) |
| Adjustment to the beginning net deferred tax liabilities based on tax return filed                             | 18,479                        | 5,319     |
| Tax effect of temporary differences charged or credited directly to related components of stockholders' equity | 33,196                        | (76,950)  |
|  | (₩54,608)                     | (₩22,021) |

b. An explanation of the relationship between income tax expense and accounting income before income tax expense for the six months ended June 30, 2010 and 2009 is as follows (In millions of Korean won):

|   | For six months ended June 30, |           |
|---|-------------------------------|-----------|
|   | 2010                          | 2009      |
| Income before income tax  | ₩ 902,339                     | ₩ 828,107 |
| Income tax expense at statutory income tax rate<br>(12.1% of taxable income less than ₩200 million and 24.2% of taxable income<br>exceeding ₩200 million) | 218,342                       | 200,377   |
| Differences (Note)  | (1,729)                       | (662)     |
| Income tax expense  | ₩ 216,613                     | ₩ 199,715 |
| Effective tax rates   | 24.01%                        | 24.12%    |



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(Note) The differences between income tax computed using the statutory corporate income tax rates and the recorded income tax for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

|  | For six months ended June 30, |          |
|--|-------------------------------|----------|
|  | 2010                          | 2009     |
| Permanent difference   | ₩ 20,427                      | ₩ 21,861 |
| Changes in deferred income tax assets (liabilities) recognized related to equity |                               |          |
| method investment securities   | 2,991                         | 19,008   |
| Tax credit for investment  | (20,086)                      | (40,693) |
| Other tax credits  | (1,549)                       | (1,794)  |
| Sur tax on exempted income   | 4,030                         | 7,412    |
| Tax refund for prior periods   | (7,542)                       | (6,456)  |
|  | (₩1,729)                      | (₩662)   |

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**Table of Contents****12. COMPREHENSIVE INCOME**

Details of comprehensive income for the three months and six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

For the six months ended June 30, 2010

|  | For the<br>three months ended |            | For the<br>six months ended  |            |
|--|-------------------------------|------------|------------------------------|------------|
|  | Profit and<br>loss<br>effect  | Tax effect | Profit and<br>loss<br>effect | Tax effect |
| Net income   | ₩ 363,971                     |            | ₩ 685,726                    |            |
| Other comprehensive income (loss):                                   |                               |            |                              |            |
| Unrealized loss on valuation of long-term investment securities, net | (1,361)                       | (₩2,553)   | (142,505)                    | ₩ 34,978   |
| Equity in other comprehensive income of affiliates, net              | 26,088                        | (1,172)    | 17,370                       | (711)      |
| Loss on valuation of currency swap, net                              | 2,266                         | (635)      | 894                          | (422)      |
| Loss on valuation of interest rate swap, net                         | 2,311                         | (683)      | 356                          | (101)      |
| Sub-total  | 29,304                        | (₩5,043)   | (123,885)                    | ₩ 33,744   |
| Comprehensive income   | ₩ 393,275                     |            | ₩ 561,841                    |            |

For the six months ended June 30, 2009

|  | For the<br>three months ended |            | For the<br>six months ended  |            |
|--|-------------------------------|------------|------------------------------|------------|
|  | Profit and<br>loss<br>effect  | Tax effect | Profit and<br>loss<br>effect | Tax effect |
| Net income   | ₩ 311,643                     |            | ₩ 628,392                    |            |
| Other comprehensive income (loss):                                   |                               |            |                              |            |
| Unrealized gain on valuation of long-term investment securities, net | 407,946                       | (₩116,662) | 189,697                      | (₩53,183)  |
| Equity in other comprehensive income of affiliates, net              | (23,077)                      | 6,249      | (16,101)                     | (3,192)    |
| Gain (loss) on valuation of currency swap, net                       | 18,987                        | (5,355)    | (2,394)                      | 675        |
| Loss on valuation of interest swap, net                              | 5,760                         | (1,625)    | 7,424                        | (2,094)    |
| Sub total  | 409,616                       | (₩117,393) | 178,626                      | (₩57,794)  |
| Comprehensive income   | ₩ 721,259                     |            | ₩ 807,018                    |            |



**Table of Contents****13. NET INCOME PER SHARE**

The Company's net income per share amounts for the three months and six months ended June 30, 2010 and 2009 is computed as follows (In millions of Korean won, except for per share income per share):

Net income per share

|  | For the<br>three months ended |                  | For the<br>six months ended |                  |
|--|-------------------------------|------------------|-----------------------------|------------------|
|  | June 30,<br>2010              | June 30,<br>2009 | June 30,<br>2010            | June 30,<br>2009 |
| Net income   | ₩ 363,971                     | ₩ 311,643        | ₩ 685,726                   | ₩ 628,392        |
| Weighted average number of common shares outstanding | 72,344,999                    | 72,345,003       | 72,344,999                  | 72,348,552       |
| Net income per share                                 | ₩ 5,031                       | ₩ 4,308          | ₩ 9,479                     | ₩ 8,686          |

Net income and ordinary income per share for the year ended December 31, 2009 is ₩17,808 and net income per share for the three months ended March 31, 2010 and 2009 is ₩4,448 and ₩4,378, respectively.

The weighted average numbers of common shares outstanding for the three months and six months ended June 30, 2010 and 2009 are calculated as follows:

|  | Number of<br>shares | Weighted<br>number of days | Weighted<br>number of<br>shares |
|--|---------------------|----------------------------|---------------------------------|
| For the three months ended June 30, 2010     |                     |                            |                                 |
| Outstanding common stocks at January 1, 2010 | 80,745,711          | 91 / 91                    | 80,745,711                      |
| Treasury stocks at January 1, 2010           | (8,400,712)         | 91 / 91                    | (8,400,712)                     |
| Total  | 72,344,999          |                            | 72,344,999                      |
| For the six months ended June 30, 2010       |                     |                            |                                 |
| Outstanding common stocks at January 1, 2010 | 80,745,711          | 181 / 181                  | 80,745,711                      |
| Treasury stocks at January 1, 2010           | (8,400,712)         | 181 / 181                  | (8,400,712)                     |
| Total  | 72,344,999          |                            | 72,344,999                      |
| For the three months ended June 30, 2009     |                     |                            |                                 |
| Outstanding common stocks at January 1, 2009 | 81,193,711          | 91 / 91                    | 81,193,711                      |
| Treasury stocks at January 1, 2009           | (8,707,696)         | 91 / 91                    | (8,707,696)                     |
| Acquisition of treasury stock                | (141,012)           | 91 / 91                    | (141,012)                       |
| Total  | 72,345,003          |                            | 72,345,003                      |
| For the six months ended June 30, 2009       |                     |                            |                                 |
| Outstanding common stocks at January 1, 2009 | 81,193,711          | 181 / 181                  | 81,193,711                      |
| Treasury stocks at January 1, 2009           | (8,707,696)         | 181 / 181                  | (8,707,696)                     |

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|                               |            |        |            |
|-------------------------------|------------|--------|------------|
| Acquisition of treasury stock | (141,012)  | (note) | (137,463)  |
| Total                         | 72,345,003 |        | 72,348,552 |

(Note) The Company acquired treasury stocks on various dates, and the weighted number of shares was calculated considering such various transaction dates:

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Diluted net income per share amounts for the three months and six months ended June 30, 2010 and 2009 is computed as follows (In millions of won, except for share data):

Diluted net income per share

|  | For the<br>three months ended |                  | For the<br>six months ended |                  |
|--|-------------------------------|------------------|-----------------------------|------------------|
|  | June 30,<br>2010              | June 30,<br>2009 | June 30,<br>2010            | June 30,<br>2009 |
| Adjusted net income  | ₩ 368,218                     | ₩ 317,733        | ₩ 694,842                   | ₩ 637,294        |
| Adjusted weighted average number of<br>common shares outstanding | 74,423,054                    | 75,050,417       | 74,423,054                  | 74,390,846       |
| Diluted net income per share                                     | ₩ 4,947                       | ₩ 4,234          | ₩ 9,336                     | ₩ 8,567          |

Diluted net income per share for the year ended December 31, 2009 was ₩17,599 and diluted net income per share for the three months ended March 31, 2010 and 2009 is ₩4,389 and ₩4,335, respectively.

Adjusted net income per share and the adjusted weighted average number of common shares outstanding for the three months and six months ended June 30, 2010 and 2009 are calculated as follows:

|  | For the<br>three months ended |                  | For the<br>six months ended |                  |
|--|-------------------------------|------------------|-----------------------------|------------------|
|  | June 30,<br>2010              | June 30,<br>2009 | June 30,<br>2010            | June 30,<br>2009 |
| Net income   | ₩ 363,971                     | ₩ 311,643        | ₩ 685,726                   | ₩ 628,392        |
| Effect of convertible bonds (Note)                               | 4,247                         | 6,090            | 9,116                       | 8,902            |
| Adjusted net income  | ₩ 368,218                     | ₩ 317,733        | ₩ 694,842                   | ₩ 637,294        |
| Weighted average number of common<br>shares outstanding          | 72,344,999                    | 72,345,003       | 72,344,999                  | 72,348,552       |
| Effect of exchangeable bonds (Note)                              | 2,078,055                     | 2,705,414        | 2,078,055                   | 2,042,294        |
| Adjusted weighted average number of<br>common shares outstanding | 74,423,054                    | 75,050,417       | 74,423,054                  | 74,390,846       |

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

**14. RESTRICTED CASH AND CASH EQUIVALENTS**

As of June 30, 2010, the Company has guarantee deposits restricted for checking accounts totaling ₩19 million and deposits restricted for a charitable trust for small businesses in

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cooperation with SK Group amounting to ₩50,000 million of which due date is June 2, 2011 and for the public amounting to ₩6,500 million of which due date is May 4, 2011.

**15. RELATED PARTY TRANSACTIONS**

As of June 30, 2010 and December 31, 2010, the parent company and subsidiaries of the Company are as follows:

**a. Holding company and subsidiaries**

| Type                    | Company                                     | Ownership percentage (%) | Types of business                                       |
|-------------------------|---|--------------------------|---|
| Ultimate parent company | SK C&C Co., Ltd.                            | 31.8(Note a)             | Information technology and software production          |
| Parent company          | SK Holdings Co., Ltd.                       | 23.2(Note b)             | Holding company   |
| Subsidiary              | SK Broadband Co., Ltd.                      | 50.6                     | Internet website services and telecommunication service |
|                         | SK Communications Co., Ltd.                 | 64.8                     | Internet website services                               |
|                         | SK Telink Co., Ltd.                         | 90.8                     | Telecommunication service                               |
|                         | PS&Marketing Corporation                    | 100.0                    | Retail  |
|                         | PAXNet Co., Ltd.                            | 59.7                     | Internet website services                               |
|                         | F&U Credit Information Co., Ltd.            | 50.0                     | Credit and collection services                          |
|                         | TU Media Corp.                              | 44.2                     | Digital multimedia broadcasting service                 |
|                         | IHQ, Inc.                                   | 37.1                     | Entertainment management                                |
|                         | Ntreev Soft Co., Ltd.                       | 63.7                     | Game software production                                |
|                         | Commerce Planet Co., Ltd.                   | 100.0                    | Cosmetic wholesale                                      |
|                         | Loen Entertainment, Inc.                    | 63.5                     | Release of music disc                                   |
|                         | SKT Vietnam PTE Ltd.                        | 73.3                     | Telecommunication service                               |
|                         | SKT Americas, Inc.                          | 100.0                    | Telecommunication service                               |
|                         | SK Telecom China Holdings                   | 100.0                    | Equity investment (Holding company)                     |
|                         | SK-KTB Music Investment Fund                | 74.2                     | Investment association                                  |
|                         | Stonebridge Cinema Fund                     | 45.6                     | Investment association                                  |
|                         | SK Telecom Global Investment B.V.           | 100.0                    | Equity investment                                       |
|                         | SKY Property Mgmt. Ltd.                     | 60.0                     | Equity investment                                       |
|                         | Benex Digital Cultural Contents Fund        | 19.9                     | Investment association                                  |
|                         | 2 <sup>nd</sup> Benex Focus Investment Fund | 66.7                     | Investment association                                  |
|                         | K-net Culture & Contents Venture Fund       | 59.0                     | Investment association                                  |
|                         | Open Innovation Fund                        | 98.5                     | Investment association                                  |
|                         | Service Ace Co., Ltd.                       | 100.0                    |   |

|                                    |               |                                    |
|------------------------------------|---------------|------------------------------------|
| Service Top Co., Ltd.              | 100.0         | Customer center management service |
|                                    |               | Customer center management service |
| Network O&S Co., Ltd.              | 100.0         | Base station maintenance service   |
| YTK Investment, Ltd.               | 100.0         | Investment                         |
|                                    | 100.0         | Game software production           |
| SK I-Media Co., Ltd.               | (Note c)      |                                    |
| Broadband media Co., Ltd.          | 100.0(Note c) | Multimedia TV portal service       |
|                                    | 100.0         | Customer Q&A and Service           |
| Broadband CS Co., Ltd.             | (Note c)      |                                    |
| Benex Movie Investment Fund        | 46.6(Note c)  | Investment association             |
|                                    | 65.5          | GPS manufacturing and selling      |
| Shenzhen E-eye High Tech Co., Ltd. | (Note c)      |                                    |

(Note a) The ownership percentage represents ultimate parent Company's ownership over the parent company

(Note b) The ownership percentage represents parent company's ownership over the Company.

(Note c) The ownership percentage represents subsidiaries' ownership over their subsidiaries, in which the Company has no direct investment.

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Significant related party transactions for the three months and six months ended June 30, 2010 and 2009, and account balances as of June 30, 2010 and December 31, 2009 are as follows (In millions of Korean won):

**b-(1) Transactions**

|  | For three months ended June 30, 2010            |  |  | For six months ended June 30, 2010              |  |  |
|--|---|--|--|---|--|--|
|  | Purchases<br>of<br>property<br>and<br>equipment | Commissions<br>paid and<br>other<br>expenses | Commissions<br>earned and<br>other<br>income | Purchases<br>of<br>property<br>and<br>Equipment | Commissions<br>paid and<br>Other<br>expenses | Commissions<br>earned and<br>other<br>income |
| Ultimate parent<br>company:<br>SK C&C Co., Ltd.                    | ₩ 23,759  | ₩ 60,833                                     | ₩ 1,649                                      | ₩ 29,915  | ₩ 119,624                                    | ₩ 4,958                                      |
| Parent Company:<br>SK Holdings Co., Ltd.                           | 70  | 6,425  | 295  | 70  | 12,327                                       | 390  |
| Subsidiaries:<br>SK Broadband Co.,<br>Ltd.                         |   | 30,808                                       | 15,051                                       |   | 59,425                                       | 31,335                                       |
| SK Communications<br>Co., Ltd.                                     | 229   | 2,177  | 2,588  | 229   | 5,042  | 5,342  |
| SK Telink Co., Ltd.  |   | 4,334  | 10,558                                       |   | 8,415  | 20,965                                       |
| PS&Marketing<br>Corporation  | 1   | 80,535                                       | 476  | 1   | 161,799                                      | 995  |
| F&U Credit<br>Information Co., Ltd.                                |   | 12,228                                       | 551  |   | 20,562                                       | 1,091  |
| TU Media Corp.   |   | 24,538                                       | 6,149  |   | 48,157                                       | 12,884                                       |
| Commerce Planet Co.,<br>Ltd.                                       | 2,240   | 26,044                                       | 2,433  | 3,426   | 49,514                                       | 3,921  |
| Loen Entertainment,<br>Inc   |   | 9,239  | 792  |   | 16,838                                       | 1,858  |
| SKT Americas, Inc.   |   |  |  |   | 3,200  |  |
| SK Telecom China<br>Holdings                                       |   |  |  |   | 5,270  |  |
| Others   |   | 6,272  | 328  |   | 11,772                                       | 754  |
| Equity Method<br>Investees:<br>SK Marketing &<br>Company Co., Ltd. | 2,009   | 59,299                                       | 1,464  | 2,009   | 83,516                                       | 2,974  |
| SK Wyverns Baseball<br>Club Co., Ltd.                              |   | 1,900  | 12   |   | 8,400  | 35   |
| Others   |   | 2,410  |  |   | 4,832  |  |

Others:

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|  |                  |                  |                 |                  |                  |                  |
|--|------------------|------------------|-----------------|------------------|------------------|------------------|
| SK Energy Co., Ltd.                        |                  | 218              | 1,428           |                  | 437              | 2,175            |
| SK Engineering &<br>Construction Co., Ltd. | 27,735           | 1,119            | 494             | 27,735           | 1,119            | 3,856            |
| SK Networks Co., Ltd.                      | 506              | 117,925          | 4,913           | 524              | 238,533          | 8,636            |
| SK Networks Service<br>Co., Ltd.           |                  | 8,866            | 70              |                  | 11,377           | 135              |
| SK Telesys Co., Ltd.                       | 68,473           | 2,240            | 247             | 86,870           | 2,454            | 803              |
| MRO Korea Co., Ltd.                        | 2,406            | 632              | 11              | 3,882            | 1,254            | 24               |
| Others                                     | 1,723            | 1,795            | 906             | 1,723            | 5,765            | 2,233            |
| <b>Total</b>                               | <b>₩ 129,151</b> | <b>₩ 459,837</b> | <b>₩ 50,415</b> | <b>₩ 156,384</b> | <b>₩ 879,632</b> | <b>₩ 105,364</b> |

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|  | For three months ended June 30, 2009            |  |  | For six months ended June 30, 2009              |  |  |
|--|---|--|--|---|--|--|
|  | Purchases<br>of<br>property<br>and<br>equipment | Commissions<br>paid and<br>other<br>expenses | Commissions<br>earned and<br>other<br>income | Purchases<br>of<br>property<br>and<br>equipment | Commissions<br>paid and<br>Other<br>expenses | Commissions<br>earned and<br>other<br>income |
| Ultimate parent<br>company:<br>SK C&C Co., Ltd.                    | ₩ 35,042  | ₩ 55,869                                     | ₩ 939  | ₩ 41,345  | ₩ 115,852                                    | ₩ 2,518                                      |
| Parent Company:<br>SK Holdings Co., Ltd.                           |   | 6,406  | 208  |   | 12,184                                       | 263  |
| Subsidiaries:<br>SK Broadband Co.,<br>Ltd.                         |   | 11,605                                       | 13,597                                       |   | 19,270                                       | 27,354                                       |
| SK Communications<br>Co., Ltd.                                     |   | 2,583  | 1,970  |   | 8,312  | 3,826  |
| SK Telink Co., Ltd.  |   | 3,042  | 10,408                                       |   | 6,744  | 16,608                                       |
| PS&Marketing<br>Corporation  |   | 55,632                                       | 191  |   | 55,632                                       | 191  |
| F&U Credit<br>Information Co., Ltd.                                |   | 12,335                                       | 334  |   | 23,241                                       | 662  |
| TU Media Corp.   | 211   | 22,480                                       | 9,445  | 211   | 37,188                                       | 18,363                                       |
| Commerce Planet Co.,<br>Ltd.                                       | 700   | 16,730                                       | 1,075  | 700   | 32,222                                       | 1,276  |
| Loen Entertainment,<br>Inc   |   | 8,232  | 1,336  |   | 15,183                                       | 2,399  |
| SKT Americas, Inc.   |   | 4,447  |  |   | 11,030                                       |  |
| SK Telecom China<br>Holdings                                       |   | 8,864  |  |   | 17,179                                       |  |
| Others   |   | 6,925  | 1,072  |   | 11,768                                       | 1,262  |
| Equity Method<br>Investees:<br>SK Marketing &<br>Company Co., Ltd. |   | 24,215                                       | 1,025  |   | 57,696                                       | 2,151  |
| SK Wyverns Baseball<br>Club Co., Ltd.                              |   | 4,200  | 181  |   | 11,414                                       | 181  |
| Wave City<br>Development Co. Ltd.                                  |   |  | 21,280                                       |   |  | 21,280                                       |
| Others   |   | 2,384  | 693  |   | 5,364  | 889  |
| Others:<br>SK Energy Co., Ltd.                                     |   | 231  | 1,135  |   | 545  | 1,658  |
|  | 32,966  | 5,504  | 625  | 51,990  | 8,020  | 1,093  |

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|  |               |               |              |               |               |               |
|--|---------------|---------------|--------------|---------------|---------------|---------------|
| SK Engineering &<br>Construction Co., Ltd. |               |               |              |               |               |               |
| SK Networks Co., Ltd.                      | 5,432         | 227,636       | 6,715        | 5,530         | 397,984       | 11,826        |
| SK Networks Service<br>Co., Ltd.           |               | 5,569         |              |               | 11,287        |               |
| Innoace Co., Ltd.                          | 4,208         | 4,175         | 64           | 4,532         | 5,374         | 117           |
| SK Telesys Co., Ltd.                       | 62,354        | 1,955         | 432          | 75,803        | 2,291         | 489           |
| Others                                     | 2,126         | 13,750        | 1,994        | 3,573         | 17,568        | 2,775         |
| <br>Total                                  | <br>₩ 143,039 | <br>₩ 504,769 | <br>₩ 74,719 | <br>₩ 183,684 | <br>₩ 883,348 | <br>₩ 117,181 |

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

|   | As of June 30, 2010 |                  |                 |                    |                  |                             |
|---|---------------------|------------------|-----------------|--------------------|------------------|-----------------------------|
|   | Accounts receivable | Short-term loans | Long-term loans | Guarantee deposits | Accounts payable | Guarantee deposits received |
| Ultimate parent company:                |                     |                  |                 |                    |                  |                             |
| SK C&C Co., Ltd.                        | ₩ 298               | ₩                | ₩               | ₩                  | ₩ 45,228         | ₩ 197                       |
| Parent Company:                         |                     |                  |                 |                    |                  |                             |
| SK Holdings Co., Ltd.                   | 32                  |                  |                 |                    |                  |                             |
| Subsidiaries:                           |                     |                  |                 |                    |                  |                             |
| SK Broadband Co., Ltd.                  | 244                 |                  |                 | 1,486              | 7,244            | 39,222                      |
| SK Communications Co., Ltd.             | 2,296               |                  |                 |                    | 2,276            | 5,524                       |
| SK Telink Co., Ltd.                     | 2,317               |                  |                 |                    | 2,074            | 1,022                       |
| PS&Marketing Corporation                | 285                 |                  |                 |                    | 50,379           | 5,877                       |
| F&U Credit Information Co., Ltd.        | 34                  |                  |                 |                    | 5,646            |                             |
| TU Media Corp.                          | 3,617               |                  |                 |                    | 9,759            | 2,417                       |
| IHQ, Inc.                               | 355                 |                  |                 |                    | 906              |                             |
| Ntreev Soft Co., Ltd.                   | 73                  |                  |                 |                    | 2,240            |                             |
| Commerce Planet Co., Ltd.               | 9,793               |                  |                 |                    | 10,405           |                             |
| Loen Entertainment, Inc.                | 439                 |                  |                 |                    | 4,260            |                             |
| SKT Vietnam PTE Ltd                     | 4,205               |                  |                 |                    |                  |                             |
| SK Telecom China Holdings               |                     |                  |                 |                    | 5,270            |                             |
| Others                                  | 93                  |                  |                 |                    | 513              | 150                         |
| Equity Method Investees:                |                     |                  |                 |                    |                  |                             |
| SK Marketing & Company Co., Ltd.        | 4,159               |                  |                 |                    | 33,224           |                             |
| SK Wyverns Baseball Club Co., Ltd.      | 5                   | 575              | 2,407           |                    |                  |                             |
| Wave City Development Co. Ltd.          | 38,412              |                  |                 |                    |                  |                             |
| Others                                  |                     |                  |                 |                    | 2,598            |                             |
| Others:                                 |                     |                  |                 |                    |                  |                             |
| SK Energy Co., Ltd.                     | 445                 |                  |                 | 96                 | 18               | 23                          |
| SK Engineering & Construction Co., Ltd. | 3,307               |                  |                 |                    | 16,886           | 82                          |
| SK Networks Co., Ltd.                   | 2,195               |                  |                 | 5,512              | 72,843           | 1,147                       |
| SK Telesys Co., Ltd.                    | 126                 |                  |                 |                    | 46,601           |                             |
| MRO Korea, Co., Ltd.                    | 2                   |                  |                 |                    | 1,173            |                             |
| Others                                  | 1,044               |                  |                 |                    | 5,875            | 49                          |
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|       |          |       |         |         |           |          |
|-------|----------|-------|---------|---------|-----------|----------|
| Total | ₩ 73,776 | ₩ 575 | ₩ 2,407 | ₩ 7,094 | ₩ 325,418 | ₩ 55,710 |
|-------|----------|-------|---------|---------|-----------|----------|

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|  | As of December 31, 2009 |                  |                 |                    |                  |                             |
|--|-------------------------|------------------|-----------------|--------------------|------------------|-----------------------------|
|  | Accounts receivable     | Short-term loans | Long-term loans | Guarantee Deposits | Accounts payable | Guarantee deposits received |
| Ultimate parent company:<br>SK C&C Co., Ltd. | ₩ 758                   | ₩                | ₩               | ₩                  | ₩ 89,318         | ₩                           |
| Parent Company:<br>SK Holdings Co., Ltd.     | 248                     |                  |                 |                    | 1                |                             |
| Subsidiaries:                                |                         |                  |                 |                    |                  |                             |
| SK Broadband Co., Ltd.                       | 2,356                   |                  |                 | 1,216              | 374              | 5,114                       |
| SK Communications Co., Ltd.                  | 1,785                   |                  |                 |                    | 12,738           | 5,524                       |
| SK Telink Co., Ltd.                          | 797                     |                  |                 |                    | 700              | 1,023                       |
| PS&Marketing Co., Ltd.                       | 159                     |                  |                 |                    | 32,400           | 5,084                       |
| F&U Credit Information Co., Ltd.             | 8                       |                  |                 |                    | 3,617            |                             |
| TU Media Corp.                               | 4,051                   |                  |                 |                    | 114              | 2,709                       |
| IHQ, Inc.                                    | 51                      |                  |                 |                    |                  |                             |
| Ntreev Soft Co., Ltd.                        | 3,988                   |                  |                 |                    | 3,210            |                             |
| Commerce Planet Co., Ltd.                    | 8,331                   |                  |                 |                    | 10,258           |                             |
| Loen Entertainment, Inc.                     | 272                     |                  |                 |                    | 652              |                             |
| SKT Vietnam PTE Ltd.                         | 3,835                   |                  |                 |                    |                  |                             |
| SKT Americas, Inc.                           |                         |                  |                 |                    | 5,567            |                             |
| SK Telecom China Holdings                    |                         |                  |                 |                    | 8,500            |                             |
| Others                                       | 7                       |                  |                 |                    | 19               | 150                         |
| Equity Method Investees:                     |                         |                  |                 |                    |                  |                             |
| SK Marketing & Company Co., Ltd.             | 2,403                   |                  |                 |                    | 25,921           | 249                         |
| SK Wyverns Baseball Club Co., Ltd.           | 59                      | 575              | 2,407           |                    |                  |                             |
| Wave City Development Co. Ltd.               | 38,412                  |                  |                 |                    |                  |                             |
| Others                                       |                         |                  |                 |                    | 2,288            |                             |
| Others:                                      |                         |                  |                 |                    |                  |                             |
| SK Energy Co., Ltd.                          | 1,313                   |                  |                 | 96                 | 66               | 23                          |
| SK Engineering & Construction Co., Ltd.      | 182                     |                  |                 |                    | 991              | 82                          |
| SK Networks Co., Ltd.                        | 890                     |                  |                 | 112                | 109,900          | 1,256                       |
| SK Telesys Co., Ltd.                         | 236                     |                  |                 |                    | 15,422           |                             |
| SK Networks Co., Ltd.                        |                         |                  |                 |                    |                  |                             |
| Walkerhill                                   | 72                      |                  |                 | 5,400              | 3,246            |                             |
| Others                                       | 1,036                   |                  |                 |                    | 5,425            |                             |

|       |          |       |         |         |           |          |
|-------|----------|-------|---------|---------|-----------|----------|
| Total | ₩ 71,249 | ₩ 575 | ₩ 2,407 | ₩ 6,824 | ₩ 330,727 | ₩ 21,214 |
|-------|----------|-------|---------|---------|-----------|----------|

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**Table of Contents****c. Compensation for the key management**

The Company considers registered directors who have substantial roles and responsibility for planning, operating, and controlling of the business as key management, and the considerations given to the key management for the three months and six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

| Payee   | For the three months ended<br>June 30, 2010 |                          |       | For the six months ended<br>June 30, 2010 |                          |         |
|---|---|--------------------------|-------|---|--------------------------|---------|
|   | Payroll                                     | Severance<br>indemnities | Total | Payroll                                   | Severance<br>indemnities | Total   |
| 8 Registered directors<br>(including outside directors) | ₩ 329                                       | ₩ 69                     | ₩ 398 | ₩ 2,293                                   | ₩ 443                    | ₩ 2,736 |

| Payee   | For the three months ended<br>June 30, 2009 |                          |       | For the six months ended<br>June 30, 2009 |                          |       |
|---|---|--------------------------|-------|---|--------------------------|-------|
|   | Payroll                                     | Severance<br>indemnities | Total | Payroll                                   | Severance<br>indemnities | Total |
| 8 Registered directors<br>(including outside directors) | ₩ 282                                       | ₩ 17                     | ₩ 299 | ₩ 956                                     | ₩ 35                     | ₩ 991 |

**16. PROVISION**

## a. Provision for point program

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

Details of change in the provisions for such mileage points for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

|                        | For six months ended June 30 |          |
|------------------------|------------------------------|----------|
|                        | 2010                         | 2009     |
| Beginning balance      | ₩ 18,856                     | ₩ 24,889 |
| Increase               | 5,064                        | 7,248    |
| Decrease (used points) | (4,435)                      | (11,433) |
| Ending balance         | ₩ 19,485                     | ₩ 20,704 |

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Points expire after 5 years. The expected year when unused points as of Jun 30, 2010 are expected to be used and the respective estimated monetary amount to be paid in a given year are as follows (In millions of Korean won):

| Expected usage<br>for the year ended June 30, | Estimated amount to<br>be paid<br>in nominal value<br>(Note a) | Current value<br>(Note b) |
|---|--|---------------------------|
| 2011  | ₩ 9,328  | ₩ 8,880                   |
| 2012  | 5,606  | 5,081                     |
| 2013  | 3,369  | 2,907                     |
| 2014  | 2,025  | 1,664                     |
| 2015  | 1,218  | 953                       |
| Ending balance                                | ₩ 21,546   | ₩ 19,485                  |

(Note a) The above expected year of the usage and the current value of the estimated amount to be paid are estimated based on the historical usage experience.

b. Provision for handset subsidy

The Company provides provision for handset subsidies to be provided to the subscribers who purchase handsets on an installment basis. Such provision is recorded as accrued expenses or non-current liabilities in accordance with the expected points when the subsidies are paid. Details of change in the provision for handset subsidies for the six months ended June 30, 2010 and 2009 are as follows (In millions of Korean won):

|                            | For six months ended June 30<br>2010 | 2009      |
|----------------------------|--------------------------------------|-----------|
| Beginning balance          | ₩ 609,733                            | ₩ 339,696 |
| Increase (provision)       | 550,304                              | 274,157   |
| Decrease (subsidy payment) | (388,318)                            | (167,099) |
| Ending balance             | ₩ 771,719                            | ₩ 446,754 |

The estimated amount to be paid in a given year is as follows (In millions of Korean won):

| Expected payment<br>for the year ended June 30, | Estimated amount to be<br>paid<br>in nominal value | Present<br>value |
|---|--|------------------|
| 2011  | ₩ 682,370  | ₩ 668,362        |
| 2012  | 108,387  | 103,357          |
| Ending balance                                  | ₩ 790,757  | ₩ 771,719        |

**17. DERIVATIVE INSTRUMENTS**

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

The Company has entered into a fixed-to-fixed cross currency swap contract with Citibank, BNP Paribas and Credit Suisse First Boston International to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$300,000,000 at annual fixed interest rate of 4.25% issued on April 1, 2004. As of June 30, 2010, in connection with unsettled foreign currency swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩5,005 million (net of tax effect totaling ₩1,953 million and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling ₩18,348 million) was

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accounted for as accumulated other comprehensive loss.

The Company has entered into a floating-to-fixed cross currency swap contract with Credit Agricole Corporate & Investment bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of June 30, 2010, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩5,020 million (net of tax effect totaling ₩974 million and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling ₩26,230 million) is accounted for as accumulated other comprehensive loss.

The Company has entered into a floating-to-fixed cross currency swap contract with HSBC and SMBC Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY12,500,000,000 issued on November 13, 2007. As of June 30, 2010, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩175 million (net of tax effect totaling ₩1,576 million and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling ₩66,516 million) is accounted for as accumulated other comprehensive income.

The Company has entered into a floating-to-fixed cross currency swap contract with DBS and Credit Agricole Corporate & Investment bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated notes with face amounts totaling US\$150,000,000 borrowed on November 20, 2008. As of June 30, 2010, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩4,557 million (net of tax effect totaling ₩1,455 million and foreign exchange translation gain arising from U.S. dollar denominated bonds totaling ₩35,561 million) is accounted for as accumulated other comprehensive income.

The Company has entered into a floating-to-fixed cross currency swap contract with Mizuho Corporate Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY3,000,000,000 issued on January 22, 2009. As of June 30, 2010, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩1,913 million (net of tax effect totaling ₩539 million and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling ₩5,195 million) is accounted for as accumulated other comprehensive income.

The Company has entered into a floating-to-fixed cross currency swap contract with Bank of Tokyo-Misuboshi Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY5,000,000,000 issued on March 5, 2009. As of June 30, 2010, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩309 million (net of tax effect totaling ₩87 million and foreign exchange translation gain arising from unguaranteed Japanese yen denominated bonds totaling ₩10,385 million) is accounted for as accumulated other comprehensive income.

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The Company has entered into fixed-to-fixed cross currency swap contract with Morgan Stanley Bank and five other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$400,000,000 issued on July 20, 2007 and entered into cash flow hedge accounting since May 12, 2010. In connection with unsettled foreign currency swap contract to which the hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩10,830 million (net of tax effect totaling ₩3,055 million and foreign exchange translation loss arising from U.S. dollar denominated bonds totaling ₩26,142 million) was accounted for as accumulated other comprehensive income. And the related loss on valuation of currency swap incurred before applying the hedge accounting of ₩17,528 million and ₩64,534 million for the six months ended June 30, 2010 and 2009, respectively, is charged to current operations.

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

The Company has entered into a floating-to-fixed interest rate swap contract with Nonghyup Bank and other two banks to hedge the interest rate risk of long-term floating rate borrowings with face amounts totaling ₩500,000 million borrowed from July 28, 2008 to August 12, 2011. As of June 30, 2010, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩10,576 million (net of tax effect totaling ₩2,983 million) was accounted for as accumulated other comprehensive loss.

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

The Company has entered into a floating-to-fixed interest rate swap contract with DBS and Calyon Bank the interest rate risk of floating rate U.S. dollar denominated bonds with face amounts totaling US\$220,000,000 issued on April 29, 2009. In connection with unsettled interest rate swap contract to which the hedge accounting is not applied, loss on valuation of interest rate swap of ₩2,816 million and ₩2,897 million for the six months ended June 30, 2010 and 2009, respectively, was charged to current operations.

- d. Currency forward contract to which the hedge accounting is not applied

The Company has entered into the cross currency forward contract with DBS Bank to hedge the foreign currency risk of Ringgit Malaysia denominated account-receivable with face amounts totaling MYR 323,000,000. In connection with unsettled foreign currency forward contract to which the hedge accounting is not applied, loss on valuation of currency forward of ₩721 million for the six months ended June 30, 2010 was charged to current operations.

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As of June 30, 2010, fair values of the above derivatives recorded in assets or liabilities and details of the derivative instruments as of June 30, 2010 are as follows (In thousands of U.S. dollars, Japanese yen, Ringgit Malaysia and millions of Korean won):

| Type  | Hedged item                                  | Amount         | Duration of contract            | Designated as cash flow hedge | Fair value     |     | Total     |
|---|--|----------------|---------------------------------|-------------------------------|----------------|-----|-----------|
|   |  |                |                                 |                               | Not designated |     |           |
| <b>Non-current assets:</b>                          |  |                |                                 |                               |                |     |           |
| Fix-to-fixed cross currency swap                    | U.S. dollar denominated Bonds                | US\$ 300,000   | Mar. 23, 2004 ~ March. 31, 2011 | ₩ 11,390                      | ₩              |     | ₩ 11,390  |
| <b>Non-current assets:</b>                          |  |                |                                 |                               |                |     |           |
| Floating-to-fixed cross currency interest rate swap | U.S. dollar denominated long-term borrowings | US\$ 100,000   | Oct 10, 2006 ~ Oct 10, 2013     | 20,236                        |                |     | 20,236    |
| Fix-to-fixed cross currency swap                    | U.S. dollar denominated Bonds                | US\$ 400,000   | Jul. 20, 2007 ~ Jul. 20, 2027   | 40,028                        | 129,806        |     | 169,834   |
| Floating-to-fixed cross currency interest rate swap | Japanese yen denominated bonds               | JPY 12,500,000 | Nov. 13, 2007 ~ Nov. 13, 2012   | 64,765                        |                |     | 64,765    |
| <b>Total assets</b>                                 |  |                |                                 | ₩ 136,419                     | ₩ 129,806      |     | ₩ 266,225 |
| <b>Current liabilities:</b>                         |  |                |                                 |                               |                |     |           |
| Floating-to-fixed cross currency interest rate swap | U.S. dollar denominated Bonds                | US\$ 150,000   | Nov 20, 2008 ~ Nov 20, 2010     | ₩ 29,549                      | ₩              |     | ₩ 29,549  |
| Cross currency forward                              | MYR denominated account receivable           | MYR 323,000    | Jun. 23, 2010 ~ Aug. 2, 2010    |                               |                | 721 | 721       |

**Non-current liabilities:**

|   |                                |      |           |                                 |          |         |          |
|---|--------------------------------|------|-----------|---------------------------------|----------|---------|----------|
| Floating-to-fixed cross currency interest rate swap | Japanese yen denominated bonds | JPY  | 3,000,000 | Jan. 22, 2009 ~ Jan. 22, 2012   | 2,743    |         | 2,743    |
| Floating-to-fixed cross currency interest rate swap | Japanese yen denominated bonds | JPY  | 5,000,000 | Mar. 5, 2009 ~ Mar. 5, 2012     | 9,989    |         | 9,989    |
| Floating-to-fixed interest rate swap                | Long-term borrowings           | ₩    | 500,000   | July 28, 2008 ~ August 12, 2011 | 13,559   |         | 13,559   |
| Floating-to-fixed interest rate swap                | Long-term borrowings           | US\$ | 220,000   | April 29, 2009 ~ April 29, 2012 |          | 6,188   | 6,188    |
| <b>Total liabilities</b>                            |                                |      |           |                                 | ₩ 55,840 | ₩ 6,909 | ₩ 62,749 |

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**18. RECLASSIFICATION IN THE PRIOR YEAR S FINANCIAL STATEMENTS**

For the purpose of improving the quality of reporting, certain reclassification have been made in the prior year s financial statements to conform to the classifications used in the current year. The reclassification of prior year s financial statements had no impact on equity or net income.

**19. SUBSEQUENT EVENTS**

a. Interim dividend

On July 22, 2010, the board of directors of the Company resolved to pay interim cash dividends of ₩1,000 per share totaling ₩72,345 million. The ex-dividend date was June 30, 2010 and the interim dividends are expected to be paid within twenty days after the date of the board of directors resolution.

b. Acquisition of treasury stock

In accordance with the resolution of board of directors dated July 22, 2010, the Company acquired 1,250,000 shares of treasury stocks for ₩201,875 million from July 23, 2010 through October 22, 2010.

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

In accordance with IFRS adoption roadmap released by the Financial Supervisory Commission in March 2007, the Company is required to prepare financial statements under K-IFRS from fiscal year of 2011. In April 2008, the Company set up a task force for the adoption and hired an outside consulting firm to evaluate the impact that K-IFRS may have on the Company s financial statements as well as to educate the relevant employees.

At June 30, 2010, the Company is currently performing an analysis on the major GAAP differences between K-IFRS and the Company s current accounting policies. It is also setting up an action plan to decide the Company s accounting policies under K-IFRS and the changes in operating procedures to comply with K-IFRS.

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**SIGNATURES**

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

**SK Telecom Co., Ltd.**

*(Registrant)*

By: /s/ Tae Jin Park

*(Signature)*

Name: Tae Jin Park

Title: Senior Vice President

Date: September 13, 2010