

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

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

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

SK Telecom Co., Ltd.

(Translation of registrant's name into English)

11, Euljiro2-ga, Jung-gu

Seoul 100-999, Korea

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

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

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

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

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

Yes No

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

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ANNUAL REPORT

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

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

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

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

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I. COMPANY OVERVIEW

1. Company Overview

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

B. Date of Incorporation: March 29, 1984

C. Location of Headquarters

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

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

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

D. Corporate Purpose of the Company

Business Objectives

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

E. Credit Ratings

(1) Corporate Bonds

Credit rating entity

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

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

* Rating
definition: AAA

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

(2) Commercial Paper (CP)

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

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

(3) International Credit Ratings

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

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

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

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

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

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

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

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

B. Significant Changes in Management

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

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

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

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

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

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

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

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

(3) Purchase of SK Broadband shares

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

(4) Payment of interim dividends

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

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

(b) Market dividend rate: 0.57%

(c) Record date: June 30, 2009

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

(5) Sale of SK C&C Shares

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

(6) Sale of China Unicom Shares

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

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

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

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

A. Total number of shares

(As of December 31, 2009)

(Unit: shares)

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

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

B. Treasury Stock

(1) Acquisitions and Dispositions of Treasury Stocks

(As of December 31, 2009)

(Unit: Shares)

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

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

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

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

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

(2) Retirement of Treasury Stock

(Unit: in millions of Won, Shares)

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

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

(Amounts: in millions of Won)

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

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

(As of December 31, 2009)

(Unit: shares)

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

5. Dividends and Others

A. Dividends

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

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

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

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

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

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

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

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

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

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

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

B. Dividends for the Last 3 Fiscal Years

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

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

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

dividend
amount of Won
1,000.

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

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

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

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

B. Growth Potential

(Unit: 1,000 persons)

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

(Source: Korea Communications Commission website)

C. Domestic and Overseas Market Conditions

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

Historical market share of the Company

(As of December 31, 2009)

(Unit: %)

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

(As of December 31, 2009)

(Unit: %)

Classification	SK Telecom	KTF	LG Telecom
Market share	50.6	31.3	18.1

(Source: Korea Communications Commission website)

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

A. Updates on Major Products and Services

(Unit: in millions of Won, %)

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

B. Price Fluctuation Trend of Major Products and Services

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

3. Investment Status

A. Investment in Progress

(Unit: in 100 millions of Won)

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

B. Future Investment Plan

(Unit: in 100 millions of Won)

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

Table of Contents**4. Revenues**

(Unit: in millions of Won)

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

5. Derivative Transactions

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

A. Currency Swap

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

(2) Contract Terms

Currency swap contract applying cash flow risk hedge accounting

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

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

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

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

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

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

Currency swap contract to which the hedge accounting is not applied

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

B. Interest Rate Swap

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

(2) Contract Terms

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

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

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

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

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

6. Major Contracts

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

* Selected among contracts exceeding Won 30 billion.

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

(Unit: in thousands of Won)

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

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

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

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

B. Business-related Intellectual Properties

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

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

(Unit: in millions of Won)

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

(Unit: Won)

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

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

(Unit: in millions of Won)

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

* See the attached Korean GAAP Consolidated Financial Statements.

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2009 Deloitte Anjin LLC	Year ended December 31, 2008 Deloitte Anjin LLC	2007 Deloitte Anjin LLC
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2. Audit Opinion

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

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

(Unit: in thousands of Won)

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

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B. Non-Audit Services Contract with External Auditors

(Unit: in thousands of Won)

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