

SK TELECOM CO LTD
Form 20-F
June 29, 2007

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As filed with the Securities and Exchange Commission on June 29, 2007

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

Form 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2006
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shall company report
For the transition period from to

Commission file number 1-14418

SK Telecom Co., Ltd.

(Exact name of Registrant as specified in its charter)

SK Telecom Co., Ltd.

(Translation of Registrant's name into English)

The Republic of Korea
(Jurisdiction of incorporation or organization)
11, EULJIRO 2-GA, JUNG-GU
SEOUL, KOREA
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of Each Class	Name of Each Exchange on Which Registered
American Depositary Shares, each representing one-ninth of one share of Common Stock	New York Stock Exchange, Inc.
Common Stock, par value ₩500 per share	New York Stock Exchange, Inc.*

* Not for trading, but only in connection with the registration of the American Depositary Shares.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

81,193,711 shares of common stock, par value ₩500 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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CERTAIN DEFINED TERMS AND CONVENTIONS USED IN THIS REPORT

All references to Korea contained in this report shall mean The Republic of Korea. All references to the Government shall mean the government of The Republic of Korea. All references to we, us, our or the Company shall mean SK Telecom Co., Ltd. and its consolidated subsidiaries. References to SK Telecom shall mean SK Telecom Co., Ltd., but shall not include its consolidated subsidiaries. All references to U.S. shall mean the United States of America.

All references to KHz contained in this report shall mean kilohertz, a unit of frequency denoting one thousand cycles per second, used to measure band and bandwidth. All references to MHz shall mean megahertz, a unit of frequency denoting one million cycles per second. All references to GHz shall mean gigahertz, a unit of frequency denoting one billion cycles per second. All references to Kbps shall mean one thousand binary digits, or bits, of information per second. All references to Mbps shall mean one million bits of information per second. Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

In this report, we refer to third generation, or 3G, technology and 3.5G technology. Second generation, or 2G, technology was designed primarily with voice communications in mind. On the other hand, 3G and 3.5G technologies are designed to transfer both voice data and non-voice, or multimedia, data, generally at faster transmission speeds than was previously possible.

All references to Won, (Won) or W in this report are to the currency of Korea, all references to Dollars, \$ or U to the currency of the United States of America and all references to Yen or ¥ are to the currency of Japan.

Unless otherwise indicated, all financial information in this report is presented in accordance with Korean generally accepted accounting principles (Korean GAAP).

Unless otherwise indicated, translations of Won amounts into Dollars in this report were made at the noon buying rate in The City of New York for cable transfers in Won per US\$1.00 as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, the translations of Won into Dollars were made at the noon buying rate in effect on December 31, 2006, which was Won 930.0 to US\$1.00. On June 28, 2007, the noon buying rate was Won 926.6 to US\$1.00. See Item 3.A. Selected Financial Data Exchange Rates .

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements, as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, considering, depends, estimate, expect, plan, planning, planned, project and similar expressions, or that certain events, actions or results may, might, could occur, be taken or be achieved.

Forward-looking statements in this annual report include, but are not limited to, statements about the following:

our ability to anticipate and respond to various competitive factors affecting the wireless telecommunications industry, including new services that may be introduced, changes in consumer preferences, economic conditions and discount pricing strategies by competitors;

our implementation of high-speed download packet access, or HSDPA, technology, high-speed upload packet access, or HSUPA, technology and wireless broadband internet, or WiBro, technology;

our plans to spend approximately Won 1.55 trillion for capital expenditures in 2007 for a range of projects, including investments in our backbone networks (and our WCDMA and WiBro networks in particular), investments in our wireless Internet-related and convergence businesses and funding for mid-to long-term research and development projects, as well as other initiatives, primarily related to our ongoing businesses and in the ordinary course;

our efforts to make significant investments to build, develop and broaden our businesses, including developing and providing wireless data, multimedia, mobile commerce and Internet services;

our ability to comply with governmental rules and regulations, including the regulations of the Ministry of Information and Communication, or the MIC, related to telecommunications providers, rules related to our status as a market-dominating business entity under the Korean Monopoly Regulation and Fair Trade Act, or the Fair Trade Act, and the effectiveness of steps we have taken to comply with such regulations;

our ability to manage effectively our bandwidth and to implement timely and efficiently new bandwidth-efficient technologies;

our expectations and estimates related to interconnection fees; tariffs charged by our competitors; regulatory fees; operating costs and expenditures; working capital requirements; principal repayment obligations with respect to long-term borrowings, bonds and obligations under capital leases; and research and development expenditures and other financial estimates;

the success of our various joint ventures and investments in other telecommunications service providers; and

the growth of the telecommunications industry in Korea and other markets in which we do business and the effect that economic, political or social conditions have on our number of subscribers, call volumes and results of operations.

We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. Risks and uncertainties associated with our business, include but are not limited to, risks related to changes in the regulatory environment; technology changes; potential litigation and governmental actions; changes in the competitive environment; political changes; foreign exchange currency risks; foreign ownership limitations; credit risks and other risks and uncertainties that are more fully described under the heading **Item 3. Key Information Risk Factors** and elsewhere in this report. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

Table of Contents**PART I****Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS***Item 1.A. Directors and Senior Management*

Not applicable.

Item 1.B. Advisers

Not applicable.

Item 1.C. Auditors

Not applicable.

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

Item 3. KEY INFORMATION*Item 3.A. Selected Financial Data*

You should read the selected consolidated financial and operating data below in conjunction with the consolidated financial statements and the related notes included elsewhere in this report. The selected consolidated financial data for the five years ended December 31, 2006 are derived from our audited consolidated financial statements and related notes thereto.

Our consolidated financial statements are prepared in accordance with Korean GAAP, which differ in certain respects from U.S. GAAP. For more detailed information you should refer to notes 31 and 32 of the notes to our audited consolidated financial statements included in this annual report.

	As of or for the Year Ended December 31,											
	2002	2003		2004		2005		2006		2006		
	(In billions of Won and millions of dollars, except per share and percentage data)											
INCOME STATEMENT												
Under Korean GAAP:												
Total Operating Revenue ⁽¹⁾	₩	9,324.0	₩	10,272.1	₩	10,570.6	₩	10,721.8	₩	11,028.0	US\$	11,858.0
Regular Service ⁽¹⁾		9,156.8		10,091.8		10,297.6		10,361.9		10,515.6		11,307.0
Other ⁽²⁾		167.2		180.3		273.0		359.9		512.4		551.0
Operating Expenses		6,526.4		7,167.0		8,130.9		8,051.2		8,406.9		9,039.0

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Operating Income	2,797.6	3,105.1	2,439.7	2,670.6	2,621.1	2,818.1
Income before						
Income Taxes and						
Priority Interest	2,218.8	2,754.3	2,123.2	2,561.6	2,021.6	2,173.1
Income before						
Priority Interest	1,520.3	1,965.3	1,493.4	1,868.3	1,449.6	1,558.1
Income	1,487.2	1,966.1	1,491.5	1,873.0	1,451.5	1,560.1
Income per						
Share of Common						
Stock ⁽³⁾	17,647	26,187	20,261	25,443	19,801	21,111
Adjusted Net Income						
Share of						
Common Stock ⁽³⁾	17,647	26,187	20,092	25,036	19,523	20,000
Dividends Declared						
Share of						
Common Stock	1,800	5,500	10,300	9,000	8,000	8,000
Weighted Average						
Number of Shares	84,270,450	75,078,219	73,614,297	73,614,296	73,305,026	73,305,026

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As of or for the Year Ended December 31,
2002 2003 2004 2005 2006 2006
(In billions of Won and millions of dollars, except per share and percentage data)

U.S. GAAP:

Total Operating

Revenue	₩	9,219.7	₩	10,225.1	₩	10,534.6	₩	10,701.4	₩	10,541.8	US\$	11,335.3
Operating Expenses		6,643.4		7,044.5		8,137.6		7,847.7		7,720.0		8,301.1
Operating Income		2,576.3		3,180.6		2,397.0		2,853.7		2,821.8		3,034.2
Net Income		1,301.1		2,062.7		1,553.1		2,027.6		1,880.5		2,022.0
Net Income per Share of Common Stock ⁽³⁾		15,440		27,475		21,097		27,543		25,653		27.58
Diluted Net Income per Share of Common Stock ⁽³⁾		15,439		27,475		20,918		27,089		25,236		27.14

BALANCE SHEET**DATA****Korean GAAP:**

Working Capital

(Deficiency) ⁽⁴⁾	₩	(189.7)	₩	(461.4)	₩	1,323.8	₩	1,735.2	₩	1,455.5	US\$	1,565.1
Property and Equipment, Net		4,569.4		4,641.5		4,703.9		4,663.4		4,507.3		4,846.6
Total Assets		14,228.7		13,818.2		14,283.4		14,704.8		16,240.0		17,462.3
Long-term Liabilities ⁽⁵⁾		3,693.4		3,193.5		4,010.7		3,513.9		3,548.5		3,815.6
Capital Stock		44.6		44.6		44.6		44.6		44.6		48.0
Total Shareholders Equity		6,231.9		6,093.8		7,205.7		8,327.5		9,483.1		10,196.9

U.S. GAAP:

Working Capital

(Deficiency)		(108.2)		(445.5)		1,311.3		1,587.2		1,286.2		1,383.0
Total Assets		15,720.7		15,586.2		15,576.8		16,351.2		17,929.5		19,279.1
Total Shareholders Equity		6,356.2		7,014.7		8,237.0		9,472.4		10,738.5		11,546.8

OTHER FINANCIAL**DATA****Korean GAAP:**

EBITDA ⁽⁶⁾	₩	3,954.1	₩	4,706.4	₩	4,085.8	₩	4,434.2	₩	3,881.0	US\$	4,173.1
Capital Expenditures ⁽⁷⁾		2,024.7		1,647.6		1,631.9		1,416.6		1,498.1		1,610.9
R&D Expenses ⁽⁸⁾		253.3		300.7		336.1		321.1		279.0		300.0
Internal R&D		194.3		235.8		267.1		252.0		212.0		228.0
External R&D		59.0		64.9		69.0		69.1		67.0		72.0
Depreciation and Amortization		1,543.3		1,646.3		1,752.5		1,675.5		1,698.4		1,826.2
Cash Flow from Operating Activities		4,268.4		3,329.4		2,527.9		3,407.1		3,589.8		3,860.0
Cash Flow from Investing Activities		(3,064.0)		(1,415.1)		(1,470.3)		(1,938.2)		(2,535.2)		(2,726.0)
		(1,418.2)		(2,261.0)		(968.6)		(1,429.0)		(952.4)		(1,024.1)

Cash Flow from
Financing Activities
Margins (% of total
sales):

EBITDA Margin ⁽⁶⁾	42.4%	45.8%	38.7%	41.4%	35.2%	35.2%
Operating Margin	30.0	30.2	23.1	24.9	23.8	23.8
Net Margin	15.9	19.1	14.1	17.5	13.2	13.2

U.S. GAAP:

EBITDA ⁽⁶⁾	3,620.7	4,679.1	3,970.4	4,412.2	4,529.6	4,870.5
Capital Expenditures ⁽⁷⁾	2,024.7	1,668.0	1,656.9	1,429.3	1,538.0	1,653.8
Cash Flow from Operating Activities	3,606.2	3,144.3	3,237.9	3,296.8	3,614.8	3,886.9
Cash Flow from Investing Activities	(2,892.5)	(1,285.5)	(1,634.1)	(1,816.5)	(2,560.6)	(2,753.3)
Cash Flow from Financing Activities	(927.5)	(2,205.5)	(1,514.8)	(1,439.3)	(940.6)	(1,011.4)

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	As of or for the Year Ended December 31,					
	2002	2003	2004	2005	2006	2006
OPERATING DATA						
Revenue of Korea						
(9)	47.6	47.9	48.2	48.3	48.3	
Revenue less						
interconnection(10)	36.1	38.2	39.0	40.4	42.0	
Revenue of						
other countries(11)	6,241	6,286	7,353	6,646	7,676	7,676
Revenue per						
share (millions)	₩ 1,494.0	₩ 1,634.1	₩ 1,437.6	₩ 1,613.3	₩ 1,436.7	US\$ 1,436.7
Subscribers(12)	17,219,562	18,313,135	18,783,338	19,530,117	20,271,133	20,271,133
Monthly						
Voice Minutes						
per Subscriber(13)	191	197	194	197	201	
Monthly						
Revenue per						
Subscriber(14)	₩ 38,383	₩ 39,739	₩ 39,689	₩ 40,205	₩ 40,220	US\$ 40,220
Monthly Churn						
	1.4 %	1.2 %	1.7 %	1.8 %	2.0 %	
Cell Sites	7,384	8,310	9,458	10,142	12,359	12,359

* The conversion into Dollars was made at the rate of Won 930.0 to US\$1.00. See note 2(a) of the notes to our consolidated financial statements.

- (1) Includes revenues from SK Teletech Co., Ltd. of Won 534.0 billion for 2002, Won 612.0 billion for 2003, Won 649.8 billion for 2004 and Won 294.6 billion for 2005 from the sale of digital handsets and Won 1,043.2 billion for 2002, Won 1,017.1 billion for 2003, Won 849.4 billion for 2004, Won 898.6 billion for 2005 and Won 1,033.4 billion for 2006 of interconnection revenue. Following our sale of a 60% equity interest in SK Teletech to Pantech & Curitel in July 2005, our equity interest in the company was reduced to 29.1% (which subsequently became a 22.7% interest in Pantech following the merger of SK Teletech into Pantech in December 2005) and SK Teletech ceased to be our consolidated subsidiary. Following the exclusion of SK Teletech from consolidation, we no longer derive revenues from digital handset sales. See Item 4.B. Business Overview - Interconnection .
- (2) For more information about our other revenue, see Item 5. Operating and Financial Review and Prospects and Item 4.B. Business Overview .
- (3) Income per share of common stock is calculated by dividing net income by the weighted average number of shares outstanding during the period. Diluted net income per share of common stock is calculated by dividing adjusted net income by adjusted weighted average number of shares outstanding during the period, taking into account the dilutive effect of stock options in 2002 and issuance of convertible bonds in 2004, 2005 and 2006.
- (4) Working capital means current assets minus current liabilities.
- (5) Our monetary assets and liabilities denominated in foreign currencies are valued at the exchange rate of Won 1,200 to US\$1.00 as of December 31, 2002, Won 1,198 to US\$1.00 as of December 31, 2003, Won 1,044 to US\$1.00 as of December 31, 2004, Won 1,013 to US\$1.00 as of December 31, 2005 and Won 930 to US\$1.00 as of December 31, 2006, the rates of exchange permitted under Korean GAAP as of those dates. See note 2(w) of the notes to our consolidated financial statements.

- (6) EBITDA refers to income before interest income, interest expense, taxes, depreciation and amortization. EBITDA is commonly used in the telecommunications industry to analyze companies on the basis of operating performance, leverage and liquidity. Since the telecommunications business is a very capital intense business, capital expenditures and level of debt and interest expenses may have a significant impact on net income for companies with similar operating results. Therefore, for a telecommunications company such as ourselves, we believe that EBITDA provides a useful reflection of our operating results. We use EBITDA as a measurement of operating performance because it assists us in comparing our performance on a consistent basis as it removes from our operating results the impact of our capital structure, which includes interest expense from our outstanding debt, and our asset base, which includes depreciation and amortization of our property and equipment. However, EBITDA should not be construed as an alternative to operating income or any other measure of performance determined in accordance with Korean GAAP or U.S. GAAP or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities. Other companies may define EBITDA differently than we do. EBITDA under U.S. GAAP is computed using interest income, interest expense, depreciation, amortization and income taxes under U.S. GAAP, which may differ from Korean GAAP for these items.
- (7) Consists of investments in property, plant and equipment. Under U.S. GAAP, interest costs incurred during the period required to complete an asset or ready an asset for its intended use are capitalized based on the interest rates a company pays on its outstanding borrowings. Under Korean GAAP, beginning January 1, 2003, such interest costs are expensed as incurred. Through the end of 2002, the accounting treatment for capitalizing interest costs under Korean GAAP was consistent with that under U.S. GAAP.
- (8) Includes donations to Korean research institutes and educational organizations. See Item 5.C. Research and Development .
- (9) Population estimates based on historical data published by the National Statistical Office of Korea.
- (10) Wireless penetration is determined by dividing our subscribers by total estimated population, as of the end of the period.
- (11) Includes regular employees and temporary employees. See Item 6.D. Employees .
- (12) Wireless subscribers include those subscribers who are temporarily deactivated, including (1) subscribers who voluntarily deactivate temporarily for a period of up to three months no more than twice a year and (2) subscribers with delinquent accounts who may be involuntarily deactivated up to two months before permanent deactivation, which we determine based on various factors, including prior payment history.

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- (13) The average monthly outgoing voice minutes per subscriber is derived by dividing the total minutes of outgoing voice usage for the period by the monthly weighted average number of subscribers for the period, then dividing that number by the number of months in the period. The monthly weighted average number of subscribers is derived by dividing (i) the sum of the average number of subscribers for each month in the period, calculated as the average of the number of subscribers on the first and last days of the relevant month, by (ii) the number of months in the period.
- (14) The average monthly revenue per subscriber excludes interconnection revenue and is derived by dividing the sum of total initial subscription fees, monthly plan-based fees, usage charges for outgoing voice calls, usage charges for wireless data services, value-added service fees and other miscellaneous revenues for the period by the monthly weighted average number of subscribers for the period, then dividing that number by the number of months in the period. Including interconnection revenue, average monthly revenue per subscriber was Won 43,958 for 2002, Won 44,546 for 2003, Won 43,542 for 2004, Won 44,167 for 2005 and Won 44,599 for 2006.
- (15) The average monthly churn rate for a period is the number calculated by dividing the sum of voluntary and involuntary deactivations during the period by the simple average of the number of subscribers at the beginning and end of the period, then dividing that number by the number of months in the period. Churn includes subscribers who upgrade to CDMA 1xRTT or CDMA 1xEV/DO-capable handsets by terminating their service and opening a new subscriber account.

As a measure of our operating performance, we believe that the most directly comparable U.S. and Korean GAAP measure to EBITDA is net income. The following table reconciles our net income under U.S. GAAP to our definition of EBITDA on a consolidated basis for the five years ended December 31, 2002, 2003, 2004, 2005 and 2006.

	As of or for the Year Ended December 31,					
	2002	2003	2004	2005	2006	2006(1)
	(In billions of Won and millions of dollars)					
Net Income	₩ 1,301.1	₩ 2,062.7	₩ 1,553.1	₩ 2,027.6	₩ 1,880.5	US\$ 2,022.0
ADD: Interest income	(90.8)	(93.9)	(86.7)	(62.6)	(86.8)	(93.3)
Interest expense	396.6	387.1	291.0	226.8	241.7	259.9
Taxes	585.0	811.5	611.1	667.1	686.8	738.5
Depreciation and Amortization	1,428.8	1,511.7	1,601.9	1,553.3	1,807.4	1,943.4
EBITDA	₩ 3,620.7	₩ 4,679.1	₩ 3,970.4	₩ 4,412.2	₩ 4,529.6	US\$ 4,870.5

- (1) The conversion into Dollars was made at the rate of Won 930.0 to US\$1.00. See note 2(a) of the notes to our consolidated financial statements.

The following table reconciles our net income under Korean GAAP to our definition of EBITDA on a consolidated basis for the five years ended December 31, 2002, 2003, 2004, 2005 and 2006.

	As of or for the Year Ended December 31,				
	2002	2003	2004	2005	2006
	(In billions of Won and millions of dollars)				

Net Income	₩ 1,487.2	₩ 1,966.1	₩ 1,491.5	₩ 1,873.0	₩ 1,451.5	US\$ 1,560.7
ADD: Interest income	(86.0)	(86.5)	(80.5)	(61.1)	(80.0)	(86.0)
Interest expense	311.1	391.5	303.4	253.5	239.1	257.1
Taxes	698.5	789.0	629.8	693.3	572.0	615.1
Depreciation and Amortization	1,543.3	1,646.3	1,741.6	1,675.5	1,698.4	1,826.2
EBITDA	₩ 3,954.1	₩ 4,706.4	₩ 4,085.8	₩ 4,434.2	₩ 3,881.0	US\$ 4,173.1

(1) The conversion into Dollars was made at the rate of Won 930.0 to US\$1.00. See note 2(a) of the notes to our consolidated financial statements.

Exchange Rates

The following table sets forth, for the periods and dates indicated, certain information concerning the noon buying rate in The City of New York for cable transfers in Won per US\$1.00 as certified for customs purposes by the

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Federal Reserve Bank of New York. We make no representation that the Won or Dollar amounts we refer to in this report could have been or could be converted into Dollars or Won, as the case may be, at any particular rate or at all.

Year Ended December 31,	At End of Period	Average Rate(1)	High	Low
2002	1,186	1,250	1,332	1,161
2003	1,192	1,193	1,262	1,146
2004	1,035	1,145	1,195	1,035
2005	1,010	1,023	1,060	997
2006	930	951	1,003	914

Past Six Months	High (Won per US\$1.00)	Low
January 2007	942.2	925.4
February 2007	942.3	932.5
March 2007	949.1	937.2
April 2007	937.0	926.1
May 2007	934.0	922.3
June 2007 (through June 28, 2007)	932.3	926.1

- (1) The average rates for the annual periods were calculated based on the average noon buying rate on the last day of each month (or portion thereof) during the period. The average rate for the monthly periods were calculated based on the average noon buying rate of each day of the month (or portion thereof).

On June 28, 2007, the noon buying rate was Won 926.6 to US\$1.00.

Item 3.B. Capitalization and Indebtedness

Not applicable

Item 3.C. Reasons for the Offer and Use of Proceeds

Not applicable

Item 3.D. Risk Factors

Competition may reduce our market share and harm our results of operations and financial condition.

We face substantial competition in the wireless telecommunications sector in Korea. We expect competition to intensify as a result of consolidation of market leaders and the development of new technologies, products and services. We expect that such trends will continue to put downward pressure on the prevailing tariffs we can charge our subscribers. Also, continued competition from the other wireless and fixed-line service providers has resulted in, and may continue to result in, a substantial level of deactivations among our subscribers. Subscriber deactivations, or

churn, may significantly harm our business and results of operations. For 2006, our churn rate ranged from 1.3% to 2.5%, with an average churn rate of 2.0%, compared to an average churn rate of 1.8% for 2005. We cannot assure you that our churn rates will not increase in the future. In addition, increased competition may cause our marketing expenses to increase as a percentage of sales, reflecting higher advertising expenses and other costs of new marketing activities, which may need to be introduced to attract and retain subscribers.

Prior to April 1996, we were the only wireless telecommunications service provider in Korea. Since then, several new providers have entered the market, offering wireless voice and data services that compete directly with our own. Together, these providers had a market share of approximately 49.6%, in terms of numbers of wireless service subscribers, as of December 31, 2006. Furthermore, in 2001, the Government awarded three companies the licenses to provide high-speed third generation, or 3G, wireless telecommunications services. In Korea, this 3G license is also known as the IMT-2000 license. IMT-2000 is the global standard for 3G wireless communications, as defined by the International Telecommunication Union, an organization established to standardize and regulate

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international radio and telecommunications. One of these licenses was awarded to our former subsidiary, SK IMT Co., Ltd., which was merged into us on May 1, 2003, and the other two licenses were awarded to consortia led by or associated with KT Corporation, Korea's principal fixed-line operator and the parent of KTF, one of our principal wireless competitors, and to LG Telecom, Ltd., or LGT. In addition, our wireless voice businesses compete with Korea's fixed-line operators, and our wireless Internet businesses compete with providers of fixed-line data and Internet services.

Since 2000, there has been considerable consolidation in the wireless telecommunications industry, resulting in the emergence of stronger competitors. In 2000, KT Corporation acquired a 47.9% interest in Hansol M.Com (formerly Hansol PCS Co., Ltd.), which was then the fifth largest wireless operator in terms of numbers of wireless service subscribers. Hansol M.Com subsequently changed its name to KT M.Com and merged into KTF in May 2001. In May 2002, the Government sold its remaining 28.4% stake in KT Corporation. KT Corporation had a 52.2% interest in KTF as of December 31, 2006. Such consolidation has created large, well-capitalized competitors with substantial financial, technical, marketing and other resources to respond to our business offerings. Future business combinations and alliances in the telecommunications industry may also create significant new competitors and could harm our business and results of operations.

In addition, in March 2006, the MIC partially lifted the prohibition on the provision of handset subsidies, in place since June 2000, with respect to subscribers meeting certain qualifications. See Our businesses are subject to extensive Government regulation and any change in Government policy relating to the telecommunications industry could have a material adverse effect on our results of operations and financial condition. This recent decision by the MIC has intensified competition among mobile service providers and increased our marketing expenses relating to the provision of handset subsidies, which could, in turn, adversely affect our results of operations.

Furthermore, the MIC has recently announced a road map highlighting upcoming revisions in regulations to promote deregulation of the telecommunications industry. The road map includes allowing telecommunications service providers to bundle their services, such as wireless data service, wireless voice service, broadband Internet access service and fixed-line telephone service, at a discounted rate starting in July 2007, provided that we and KT Corporation, which are designated as market-dominating business entities under the Telecommunications Business Act, allow other competitors to employ the services provided by us and KT Corporation, respectively, so that such competitors can provide similar discounted package services. The road map also includes plans to amend the regulations and provisions under the Telecommunications Business Act by as early as October of this year to permit licensed transmission service providers to offer local, domestic long-distance and international telephone services, as well as broadband Internet access and Internet phone services, without additional business licenses. The proposed amendment is currently being considered by the MIC. The introduction of bundled services may increase competition in the telecommunications sector, as well as cause downward price pressure on the fees we charge for our services, which, in turn, may have a material adverse effect on our results of operations.

We expect competition to intensify as a result of such consolidation, regulatory changes and as a result of the rapid development of new technologies, products and services. Our ability to compete successfully will depend on our ability to anticipate and respond to various competitive factors affecting the industry, including new services that may be introduced, changes in consumer preferences, economic conditions and discount pricing strategies by competitors.

Inability to successfully implement or adapt our network and technology to meet the continuing technological advancements affecting the wireless industry will likely have a material adverse effect on our financial condition, results of operation and business.

The telecommunications industry has been characterized by continuous improvement and advances in technology and this trend is expected to continue. For example, we and our competitors have implemented technology upgrades from

basic code division multiple access, or CDMA, networks to more advanced high-speed wireless telecommunications networks based on CDMA 1xRTT and CDMA 1xEV/DO technology. Korean wireless telecommunications companies, including us, have also implemented newer technologies such as wide-band code division multiple access, or WCDMA, which is the 3G technology implemented by us. In 2005, we began to

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upgrade our WCDMA network to support high-speed download packet access, or HSDPA, technology. HSDPA, which represents an evolution of the WCDMA standard, is a more advanced 3G technology than the initial WCDMA technology we implemented and is sometimes referred to as 3.5G technology. Our HSDPA-capable WCDMA network, which was completed in March 2007, supports data transmission services at significantly higher data transmission speeds than our basic CDMA, CDMA 1xRTT and CDMA 1xEV/DO networks. The more successful operation of a 3G network by a competitor, including better market acceptance of a competitor's 3G-based services, could materially and adversely affect our existing wireless businesses as well as the returns on future investments we may make in our 3G network or our other businesses.

In addition, in March 2005, we also obtained a license from the MIC to provide wireless broadband internet, or WiBro, services. WiBro enables us to offer high-speed and large-packet data services, including wireless broadband Internet access to portable computers and other portable devices, but does not support voice transmission. We conducted pilot testing of WiBro service in limited areas of metropolitan Seoul in May 2006 and have since expanded WiBro service to 24 hot zone areas, which are neighborhoods and districts that we have determined to be high-data traffic areas, in seven cities in Korea. In 2007, we plan to extend WiBro service to hot zone areas in 23 cities throughout Korea. Beyond 2007, our WiBro expansion plans will depend, in part, on subscriber demand for WiBro services. As the implementation of WiBro service in Korea is relatively new, we cannot assure you that there will be sufficient demand for our WiBro services. Our WiBro services may not be commercially successful if market conditions are unfavorable or service demand is weak.