

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

Table of Contents

**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-

Table of Contents

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.

Table of Contents

Contents

<u>I. Company Overview</u>	4
<u>II. Business</u>	13
<u>III. Financial Information</u>	23
<u>IV. Auditor's Opinion</u>	25
<u>V. Management Discussion and Analysis</u>	27
<u>VI. Corporate Organization including Board of Directors and Affiliated Companies</u>	27
<u>VII. Shareholders Information</u>	38
<u>VIII. Employees</u>	42
<u>IX. Transactions with Parties Having Interests</u>	43
<u>X. Other Information Relating to the Protection of Investors</u>	46
Attachment: Korean GAAP Non-consolidated Financial Statements	

Table of Contents

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 ContentsE. Credit Ratings
(1) Corporate Bonds

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
May 29, 2007	Corporate bond	AAA	Korea Ratings	Regular rating
	Corporate bond	AAA	Korea Information Services, 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, 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, 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, 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, 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, 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, Inc.	Current rating
February 23, 2009				
	Corporate bond	AAA	Korea Information Services, 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.

Table of Contents

(2) Commercial Paper (CP)

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
May 29, 2007	CP	A1	Korea Ratings	Current rating
	CP	A1	Korea Information Services, 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, 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, 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, Inc.	Regular rating
October 20, 2008				
	CP	A1	Korea Information Services, 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, 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.

Table of Contents

(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
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)

Table of Contents

- 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: shares)	
Classification	Common shares	Total	Remarks
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 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.

Table of Contents

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	
Direct acquisition	Common shares	4,436,028				4,436,028	
	Common shares						
	Preferred shares						
	Common shares	77,974				77,974	
	Preferred shares						
Sub-total	Common shares	4,514,002*				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	8,400,712				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.

Table of Contents

(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				
Total		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
Trust Contracts with Asset Management Companies Acquisition Contracts with									Extension Amount: Won 631,200
									Extension Amount: Won 350,800

**Investment
Companies**

Total	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
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.

Table of Contents

- (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)

Classification	As of and for the six months ended June 30, 2010	As of and for the year ended December 31, 2009	As of and for the year ended December 31, 2008
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.

Table of Contents**II. BUSINESS****1. Business Overview****A. Industry Characteristics**

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 30, 2010	2009	2008	2007	2006
Number of subscribers	SK Telecom	25,146	24,270	23,032	21,968	20,271
	Others (KT, LGT)	24,462	23,675	22,575	21,529	19,926
	Total	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

Table of Contents

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, 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

Table of Contents

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

Table of Contents

(Unit: in millions of Won, %)					
Business fields	Sales type	Item	Specific Usage	Major trademarks	Sales amount (ratio)
Information and communication	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)							
Business field	Classification	Investment period	Subject of investment	Investment effect	Total investments	Amount already invested	Future investment
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
Total					To be determined	3,736	To be determined

Table of Contents

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
Total		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

Table of Contents

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

Table of Contents

(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**

Category	Vendor	Start Date	Completion Date	Contract Title	Contract Amount (Won 100M)
Construction	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
Service	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
Product/ Equipment	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
				Subtotal	5,715

*

Selected among
contracts
exceeding Won
15 billion.

7. R&D Investments

(Unit: in millions of Won)

Category	For the six months ended June 30, 2010	For the year ended December 31, 2009	For the year ended December 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	
Total R&D costs	141,434	290,782	297,040	
Accounting Sales and administrative expenses	140,471	288,997	293,443	
Development expenses (Intangible assets)	963	1,785	3,597	
R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100)	2.32%	2.40%	2.54%	

Table of Contents

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

(Unit: Won)

Classification / Fiscal Year	For the six months ended	For the year ended December 31,			
	June 30, 2010	2009	2008	2007	2006
Earnings per share	9,479	17,808	17,559	22,607	19,734
Diluted earnings per share	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
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	1,751,227	2,101,955	2,621,132	2,670,616
Profit (or Loss) from continuing operation before tax	1,400,498	1,260,366	2,285,765	2,021,578	2,561,567
Current Period's Net Profit	1,055,606	972,338	1,562,265	1,449,552	1,868,307
Net income attributable to majority interests	1,247,182	1,215,719	1,648,876	1,451,491	1,872,978
Number of Consolidated Companies	29	35	26	18	17

* See the attached Korean GAAP Consolidated Financial Statements.

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

**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)

Term	Auditors	Contents	Fee	Total hours
Year ended December 31, 2010	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		
Year ended December 31, 2009	Deloitte Anjin LLC	Semi-annual review		
		Quarterly review		
		Non-consolidated financial statements audit	1,308,356	13,982
		Consolidated financial statements audit		
Year ended December 31, 2008	Deloitte Anjin LLC	Semi-annual review		
		Quarterly review		
		Non-consolidated financial statements audit	1,310,097	13,346
		Consolidated financial statements audit		

Table of Contents

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			30		
		May 13, 2009	Tax consulting	days	40,000
				10	
		May 22, 2009	Tax consulting	days	10,000
				20	
		May 22, 2009	Tax adjustment for fiscal year 2008	days	34,000
			Review of deferred corporate income	10	
		May 22, 2009	tax for 1Q and 2Q	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 28, 2009	Review of quarterly tax adjustments	5 days	7,000	
	December 28, 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
			Foreign tax consulting re indirect taxes		
		June 24, 2008		4 days	6,000
		August 13, 2008	Tax consulting	10 days	9,400
		November 1, 2008	Tax consulting	4 days	5,000
		November 19, 2008	Tax consulting	10 days	10,800
		November 19, 2008	Review of deferred corporate income tax for 1Q and 2Q	10 days	18,000
		December 24, 2008	Review of deferred corporate income tax for 3Q	3 days	6,000
		December 24, 2008	Tax consulting	3 days	3,600
		December 24, 2008	Tax consulting	3 days	3,000
Year ended December 31, 2007		March 30, 2007	Tax adjustment for fiscal year 2006	10 days	30,000
		September 28, 2007	Tax consulting for denial of deductions for corporate income tax	1 day	2,000

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

26

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

Meeting	Date	Agenda	Approval
312nd (the first meeting of 2010)	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	
313rd (the second meeting of 2010)	February 11, 2010	- Convocation of the 26 th Annual General Meeting of Shareholders	Approved as proposed
		- Result of Internal Accounting Management System Evaluation	
314th (the third meeting of 2010)	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

Table of Contents

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

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

Table of Contents

C. Committees within Board of Directors

(1) Committee Structure

a) Independent Director Nomination Committee

(As of August 16, 2010)

Number of Persons	Inside Directors	Members Independent Directors	Remarks
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)

Number of Persons	Inside Directors	Members Independent Directors	Remarks
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)

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

Table of Contents

- * 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)

Number of Persons	Inside Directors	Members	Remarks
4	Ki Haeng Cho	Independent Directors 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)

Committee Name	Date of Activity	Agenda	Approval	Independent Directors	
				Rak Yong Uhm (Attendance: 100%)	Jae Ho Cho (Attendance: 100%)
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

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

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Table of Contents

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

Index

* Agendas filled
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31

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)

Name	Independent Director	Remarks
Man Won Jung	No	
Ki Haeng Cho	No	o During the 314 th 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.

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

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

Table of Contents

Meeting	Date	Agenda	Approval	Remarks
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		
The seventh		o 1 st half 2010 Financial Results		
meeting of 2010	July 21, 2010	o Report on Review on the 1 st 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 12th 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.

Table of Contents

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											
Total affiliated companies	31.8%	33.4%	23.2%	39.1%	0.0%	42.5%	9.0%	58.0%	100.0%	100.0%	45.5%

Investing company	Invested companies									
	SK Securities	SK Power	SK Marketing & Company	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%

34

Table of Contents

Investing company	Jeonnam		Gangwon		Invested companies			MRO	Encar	
	City	City		M & Chungnam	SK		Korea	SK		
	Gas	Gas	JBES	Service	Gas	Wyverns	Infosec	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										
Total affiliated companies	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	51.0%	77.1%	87.5%

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	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%

35

Table of Contents

Investing company	Invested companies										
	NTREEV	SK	SK	SK	I	SKC Air	SKN	Nuri	Commerce	SKC Solmics Co., 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											
Total affiliated companies	63.7%	100.0%	64.8%	100.0%	66.7%	80.0%	85.0%	46.3%	100.0%	100.0%	48.7%

Investing company	Invested companies										
	Sumray	SK	Broadband	Broadband	Broadband	Energy	PyongTaek UB Care	Pana Blu Co., Ltd.	WS	Namwon Sarang Electric 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%	

SK Communications											
SK Broadband		100.0%	100.0%	100.0%							
SK Lubricant											
SK Securities											
SK Petrochemical											
Entec											
Total affiliated companies	53.7%	50.6%	100.0%	100.0%	100.0%	44.0%	100.0%	80.4%	100.0%	100.0%	100.0%

Invested companies

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

Table of Contents

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

Investing company	Invested companies Television				
	Jeju Entec	Yeosu Expo Environment	SKW	Media 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 & Company					
SK D&D					
SK Communications					
SK Broadband					
SK Lubricant					
SK Securities					
SK Petrochemical					
Entec		58.7%			
Total affiliated companies	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
SK Corporation	Largest Shareholder	Common share	18,748,452	23.22	18,748,452	23.22
Tae Won Chey	Officer of affiliated company	Common share	100	0.00	100	0.00
Shin Won Chey	Officer of affiliated company	Common share	500	0.00	500	0.00
Shin Bae Kim	Officer of affiliated company	Common share	1,270	0.00	1,270	0.00
Man Won Jung	Officer of affiliated company	Common share	4,000	0.00	5,500	0.01
Sung Min Ha	Officer of affiliated company	Common share	738	0.00	738	0.00
Bang Hyung Lee	Officer of affiliated company	Common share	200	0.00	200	0.00
Total		Common share	18,755,260	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
SK Energy Co., Ltd.	33.40%	4,068,131	Energy	Publicly Listed
SK Telecom Co., Ltd.	23.22%	2,799,156	Telecommunication	Publicly Listed
SK Networks Co., Ltd.	39.12%	1,194,173	Trading, Energy Sale	Publicly Listed

Table of Contents

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

Largest Shareholder	Date of the change in the largest shareholder/ Date of change in shareholding	Shares Held	Holding Ratio	Remarks
SK Corporation	March 7, 2008	18,751,260	23.09	Purchased 1,085,325 shares from SK Networks on March 7, 2008
	March 13, 2009	18,751,360	23.22	At the 25 th General Meeting of Shareholders, elected the CEO, Man Won Jung (who 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
	Total	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
	Total		350,268	346,322

C. Shareholder Distribution

Table of Contents

(As of June 30, 2010)

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

41

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

A. Domestic Securities Market

(Unit: Won, shares)

Types		June 2010	May 2010	April 2010	March 2010	February 2010	January 2010
Common 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 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 2010	May 2010	April 2010	March 2010	February 2010	January 2010
Depository 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 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 service year	Aggregate wage for 2010 1H	Average wage per person	Remarks
	Office managerial positions	Production 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 (Corporate name)	Relationship	Account category	Beginning	Change details IncreaseDecrease	Ending	Accrued interest	Remarks
SK Wyverns	Affiliated company	Long-term and short-term loans	2,982		2,982	133	

(Unit: in millions of Won)

Name (Corporate Name)	Relationship	Types of Investment	Investment and Disposal Details Transaction Details				End of Period	Remarks
			Beginning of Period	Increase	Decrease			
PS&Marketing	Affiliated company	Common Shares	150,000	80,000		230,000		
SKT Americas, Inc.	Affiliated company	Common Shares	30,457	28,036		58,493		
SK Telecom China 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 Ltd.	Affiliated company		0	28,000		28,000		
	Total		210,052	191,900		401,952		

43

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

A. Transfer of Assets

(Units: in millions of Won)

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

B. Transfer of Business

(Units: in millions of Won)

Name (Corporate Name)	Relation -ship	Transferred Objects	Purpose of Transfer	Date of Transfer	Amount		Remarks
					Transferred From Largest Shareholder	Transferred to Largest 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 (Corporate name)	Relationship	Account category	Beginning	Change details		Ending	Accrued interest	Remarks
				Increase	Decrease			
Hong Eun and others	Agency	Long-term and short-term loans	73,490	137,454	122,314	88,630		

Overseas Investment Companies (Unit: in millions of Won)

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

B. Equity Investments

(Unit: in millions of Won)

Investment and Disposition Details**Transaction Details**

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

Table of Contents

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 2. Contract amount: Won 1,300 billion 3. Purpose: to increase shareholder value	1. On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won 318 billion). 2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 3. On October 16, 2007, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 4. As of December 31, 2008, the balance of specified monetary trust for treasury shares was Won 982 billion.

B. Summary Minutes of the General Meeting of Shareholders

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

Table of Contents

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

Table of Contents

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

Table of Contents

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 11th 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 11th Street and appropriate education for relevant employees.

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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

	Korean won		Translation into U.S. dollars (Note 2)	
	June 30, 2010	December 31, 2009	June 30, 2010	December 31, 2009
	(In millions)		(In thousands)	
ASSETS				
CURRENT ASSETS:				
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
Total Current Assets	5,294,568	4,983,052	4,336,788	4,081,625
NON-CURRENT ASSETS:				
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
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TOTAL ASSETS	₩ 19,158,117	₩ 19,297,633	\$ 15,692,441	\$ 15,806,719
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Table of Contents

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. dollars (Note 2)	
	June 30, 2010 (In millions)	December 31, 2009 (In millions)	June 30, 2010 (In thousands)	December 31, 2009 (In thousands)
CURRENT LIABILITIES:				
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
Total Current Liabilities	3,807,231	3,294,633	3,118,508	2,698,639
NON-CURRENT LIABILITIES:				
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
Total Non-current Liabilities	4,155,234	4,761,550	3,403,558	3,900,192
Total Liabilities	7,962,465	8,056,183	6,522,066	6,598,831

STOCKHOLDERS EQUITY:				
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) (Note 12):				
Unrealized gain on valuation of long-term investment securities, net (Note 3)	860,640	1,003,145	704,951	821,678
Equity in other comprehensive loss of affiliates, net (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
Total Stockholders Equity	11,195,652	11,241,450	9,170,375	9,207,888
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	₩ 19,158,117	₩ 19,297,633	\$ 15,692,441	\$ 15,806,719

See accompanying notes to non-consolidated financial statements.

Table of Contents

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)			
OPERATING REVENUE (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
OPERATING EXPENSES:								
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)
Sub-total	(2,506,510)	(5,044,286)	(2,514,499)	(4,826,953)	(2,053,086)	(4,131,782)	(2,059,630)	(3,953,764)
OPERATING INCOME	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

(Continued)

Table of Contents

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)			
OTHER EXPENSES								
(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)

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External research and development 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 BEFORE INCOME TAX	493,386	902,339	404,810	828,107	404,133	739,107	331,580	678,304	
PROVISION FOR INCOME TAX (Note 11)	(129,415)	(216,613)	(93,167)	(199,715)	(106,004)	(177,428)	(76,313)	(163,587)	
NET INCOME	₩ 363,971	₩ 685,726	₩ 311,643	₩ 628,392	\$ 298,129	\$ 561,679	\$ 255,267	\$ 514,717	
NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 13)	₩ 5,031	₩ 9,479	₩ 4,308	₩ 8,686	\$ 4.121	\$ 7.764	\$ 3.529	\$ 7.115	
DILUTED NET INCOME PER SHARE (In Korean won and U.S. dollars) (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.

Table of Contents

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

(Notes 3 and 12) Equity in other comprehensive income changes of affiliates, net (Notes 4 and 12)		907	(848)	17,370		17,429
Loss on valuation of currency swap, net (Notes 12 and 17)				894		894
Loss on valuation of interest swap, net (Notes 12 and 17)				356		356
Balance, June 30, 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**

(In thousands of U.S. dollars)	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total stockholders 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 interest swap, net (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.

Table of Contents

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. dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:				
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
 Sub-total	 1,185,522	 1,254,469	 971,063	 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)
 Sub-total	 (71,505)	 (82,090)	 (58,570)	 (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
Sub-total	(336,627)	(174,696)	(275,732)	(143,094)
Net Cash Provided by Operating Activities	1,463,116	1,626,075	1,198,440	1,331,921

(Continued)

Table of Contents

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. dollars (Note 2)	
	2010	2009	2010	2009
	(In millions)		(In thousands)	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash inflows from investing activities:				
Proceeds from disposal of property and 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, 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 securities	252,657	1,865	206,952	1,528
Proceeds from sales of equity securities 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
Sub-total	650,555	267,236	532,871	218,893
Cash outflows for investing activities:				
Acquisition of short-term financial instruments	(153,110)	(198,226)	(125,413)	(162,367)
Acquisition of long-term investment 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 instruments		(6,500)		(5,324)
Acquisition of equity securities accounted for 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)
Sub-total	(1,379,279)	(1,385,233)	(1,129,770)	(1,134,646)
Net Cash Used in Investing Activities	(728,724)	(1,117,997)	(596,899)	(915,753)
CASH FLOWS FROM FINANCING ACTIVITIES:				

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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
 Sub-total	 38,520	 1,229,978	 31,552	 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)
 Sub-total	 (901,181)	 (1,473,178)	 (738,158)	 (1,206,682)
Net Cash Used in Financing Activities	(862,661)	(243,200)	(706,606)	(199,205)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (128,269)	 264,878	 (105,065)	 216,963
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	420,576	434,177	344,494	355,635
 CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	 ₩ 292,307	 ₩ 699,055	 \$ 239,429	 \$ 572,598

See accompanying notes to non-consolidated financial statements.

Table of Contents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea (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 cost	June 30, 2010 Fair value	Carrying amount	December 31, 2009 Fair value and carrying 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, 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

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
(Investments in listed companies)						
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
(Investments in non-listed companies)						
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
(Investments in funds)						
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 cost	Carrying amount	
			June 30, 2010	December 31, 2009
Public bonds	(Note a) October 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 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, 2010	December 31, 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**b-(3). Changes in Unrealized Gains (Losses) on Investments in Common Stock**

The changes in unrealized gains (losses) on investments in common stock for the 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	Increase (decrease)	Ending balance
Available-for-sales securities:			
Unrealized gain on valuation of long-term Investment securities	₩ 1,301,359	(₩189,946)	₩ 1,111,413
Unrealized loss on valuation of long-term Investment securities	(12,520)	12,463	(57)
Sub-total	1,288,839	(177,483)	1,111,356
Less tax effect	(285,694)	34,978	(250,716)
Total	₩ 1,003,145	(₩142,505)	₩ 860,640
	For the six months ended June 30, 2009		
	Beginning balance	Increase (decrease)	Ending balance
Available-for-sales securities:			
Unrealized gain on valuation of long-term Investment securities	₩ 941,096	₩ 100,169	₩ 1,041,265
Unrealized loss on valuation of long-term Investment securities	(401,945)	142,712	(259,233)
Sub-total	539,151	242,881	782,032
Less tax effect	(125,881)	(53,184)	(179,065)
Total	₩ 413,270	₩ 189,697	₩ 602,967

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	

Table of Contents

	June 30, 2010 Ownership			Net asset value	Carrying Amount	
	Number of shares	percentage (%)	Acquisition cost		June 30, 2010	December 31, 2009
Prmaxsoftware Tech. Co., Ltd.		97.2	11,665	2,432	2,432	2,432
Benex Digital Cultural Contents Fund	50	19.9	5,000	4,694	4,694	4,912
Benex Focus Limited Partnership II	200	66.7	20,000	19,509	19,509	19,782
K-net Culture & Contents Venture Fund	118	59.0	11,800	10,845	10,845	11,157
Open Innovation 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 Development Co., 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 BcN Co., Ltd.	1,461,486	29.0	7,307	7,262	7,262	7,272
SK Telecom Europe Limited	690,000	100.0	1,286	1,286(Note d)	1,286	1,286
SK Fans Co., Limited		51.0	1,125	1,125(Note e)	1,125	
SK Telecom Smart City Management Co., Ltd.		60.0	1,709	1,709(Note e)	1,709	
Service Ace Co., Ltd.	4,385,400	100.0	21,927	21,927(Note e)	21,927	
Service Top Co., Ltd.	2,856,200	100.0	14,281	14,281(Note e)	14,281	
Network O&S Co., Ltd.	3,000,000	100.0	15,000	15,000(Note e)	15,000	
YTK Investment 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.

Table of Contents

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

Table of Contents

For the six months ended June 30, 2010

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

Table of Contents

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

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

Table of Contents

- (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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Table of Contents

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 balance	Increase/ (Decrease)	Amortization	Ending 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)	
Total	₩ 578,828	70,699	(26,467)	₩ 623,060
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 balance	Increase/ (decrease)	Amortization	Ending 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
Total	₩ 715,388		(23,434)	₩ 691,954
Less: three months ended March 31, 2009			(4,019)	
Three months ended June 30, 2009		₩	(₩19,415)	

Table of Contents

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 balance
	Beginning 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 balance
	Beginning 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 shares owned by the	Market price
	per share (In Korean won)		
SK Broadband Co., Ltd.	₩ 6,010	Company 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

Table of Contents

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 assets	Total liabilities	Revenue	Net 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 Long-term	Total	December 31, 2009
Loans to employees stock ownership Association (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 lives (years)	June 30, 2010	December 31, 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 balance
	Beginning balance	Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 416,732	₩ 104	(₩6,920)	₩	₩	₩ 409,916
Buildings and 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 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 balance
	Beginning balance	Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 447,088	₩ 8,431	(₩70)	₩ 518	₩	₩ 455,967
Buildings and 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	₩ 4,698,214	₩ 647,652	(₩ 17,067)	(₩ 56,311)	(₩ 654,370)	₩ 4,618,118

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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Table of Contents

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 Year	Annual interest rate (%)	June 30, 2010	December 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 (US\$300,000)	2011	4.25	363,090	350,280
Dollar denominated bonds (US\$400,000)	2027	6.63	484,120	467,040
Yen denominated bonds (JPY 12,500,000)	2012	3-month Euro Yen LIBOR rate +0.55 (Note a)	170,570	157,852
Yen denominated bonds (JPY 5,000,000)	2012	3-month Euro Yen TIBOR rate +2.5 (Note b)	68,228	63,141
Yen denominated bonds (JPY 3,000,000)	2012	3-month Euro Yen LIBOR rate +2.5 (Note a)	40,937	37,885
Convertible bonds (US\$332,528)	2014	1.75	437,673	437,673
Floating rate notes (US\$150,000,000)	2010	3-month LIBOR rate +3.05 (Note c)	181,545	175,140
Floating rate notes (U S\$220,000,000)	2012	3-month 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 adjustments			(73,160)	(81,235)
Net			3,654,120	3,713,421
Less portion due within 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.

Table of Contents

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.

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, 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 shares issued (Note)	Capital stock	Additional paid in 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.

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 (12.1% of taxable income less than ₩200 million and 24.2% of taxable income 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%

Table of Contents

(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)

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 three months ended		For the six months ended	
	Profit and loss effect	Tax effect	Profit and loss 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 three months ended		For the six months ended	
	Profit and loss effect	Tax effect	Profit and loss 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 three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 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 shares	Weighted number of days	Weighted number of 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:

Table of Contents

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 three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Adjusted net income	₩ 368,218	₩ 317,733	₩ 694,842	₩ 637,294
Adjusted weighted average number of 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 three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 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 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 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

Table of Contents

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 nd 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
		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.		

Table of Contents**b. Transactions and balances with related companies**

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 of property and equipment	Commissions paid and other expenses	Commissions earned and other income	Purchases of property and Equipment	Commissions paid and Other expenses	Commissions earned and other income
Ultimate parent company: SK C&C Co., Ltd.	₩ 23,759	₩ 60,833	₩ 1,649	₩ 29,915	₩ 119,624	₩ 4,958
Parent Company: SK Holdings Co., Ltd.	70	6,425	295	70	12,327	390
Subsidiaries: SK Broadband Co., Ltd.		30,808	15,051		59,425	31,335
SK Communications 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 Corporation	1	80,535	476	1	161,799	995
F&U Credit Information Co., Ltd.		12,228	551		20,562	1,091
TU Media Corp.		24,538	6,149		48,157	12,884
Commerce Planet Co., Ltd.	2,240	26,044	2,433	3,426	49,514	3,921
Loen Entertainment, Inc		9,239	792		16,838	1,858
SKT Americas, Inc.					3,200	
SK Telecom China Holdings					5,270	
Others		6,272	328		11,772	754
Equity Method Investees: SK Marketing & Company Co., Ltd.	2,009	59,299	1,464	2,009	83,516	2,974
SK Wyverns Baseball 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 & 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 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
Total	₩ 129,151	₩ 459,837	₩ 50,415	₩ 156,384	₩ 879,632	₩ 105,364		

Table of Contents

	For three months ended June 30, 2009			For six months ended June 30, 2009		
	Purchases of property and equipment	Commissions paid and other expenses	Commissions earned and other income	Purchases of property and equipment	Commissions paid and Other expenses	Commissions earned and other income
Ultimate parent company: SK C&C Co., Ltd.	₩ 35,042	₩ 55,869	₩ 939	₩ 41,345	₩ 115,852	₩ 2,518
Parent Company: SK Holdings Co., Ltd.		6,406	208		12,184	263
Subsidiaries: SK Broadband Co., Ltd.		11,605	13,597		19,270	27,354
SK Communications Co., Ltd.		2,583	1,970		8,312	3,826
SK Telink Co., Ltd.		3,042	10,408		6,744	16,608
PS&Marketing Corporation		55,632	191		55,632	191
F&U Credit 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., Ltd.	700	16,730	1,075	700	32,222	1,276
Loen Entertainment, Inc		8,232	1,336		15,183	2,399
SKT Americas, Inc.		4,447			11,030	
SK Telecom China Holdings		8,864			17,179	
Others		6,925	1,072		11,768	1,262
Equity Method Investees: SK Marketing & Company Co., Ltd.		24,215	1,025		57,696	2,151
SK Wyverns Baseball Club Co., Ltd.		4,200	181		11,414	181
Wave City Development Co. Ltd.			21,280			21,280
Others		2,384	693		5,364	889
Others: 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 & Construction Co., Ltd.						
SK Networks Co., Ltd.	5,432	227,636	6,715	5,530	397,984	11,826
SK Networks Service 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
Total	₩ 143,039	₩ 504,769	₩ 74,719	₩ 183,684	₩ 883,348	₩ 117,181

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
Table of Contents						136

Total	₩ 73,776	₩ 575	₩ 2,407	₩ 7,094	₩ 325,418	₩ 55,710
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Table of Contents

	As of December 31, 2009					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee Deposits	Accounts payable	Guarantee deposits received
Ultimate parent company: SK C&C Co., Ltd.	₩ 758	₩	₩	₩	₩ 89,318	₩
Parent Company: 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 June 30, 2010			For the six months ended June 30, 2010		
	Payroll	Severance indemnities	Total	Payroll	Severance indemnities	Total
8 Registered directors (including outside directors)	₩ 329	₩ 69	₩ 398	₩ 2,293	₩ 443	₩ 2,736

Payee	For the three months ended June 30, 2009			For the six months ended June 30, 2009		
	Payroll	Severance indemnities	Total	Payroll	Severance indemnities	Total
8 Registered directors (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

Table of Contents

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 for the year ended June 30,	Estimated amount to be paid in nominal value (Note a)	Current value (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 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 for the year ended June 30,	Estimated amount to be paid in nominal value	Present 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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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		
Non-current assets:							
Fix-to-fixed cross currency swap	U.S. dollar denominated Bonds	US\$ 300,000	Mar. 23, 2004 ~ March. 31, 2011	₩ 11,390	₩		₩ 11,390
Non-current assets:							
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
Total assets				₩ 136,419	₩ 129,806		₩ 266,225
Current liabilities:							
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
Total liabilities					₩ 55,840	₩ 6,909	₩ 62,749

Table of Contents

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.

Table of Contents

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