

SK TELECOM CO LTD  
Form F-3/A  
July 28, 2005  
Table of Contents

As filed with the Securities and Exchange Commission on July 28, 2005

Registration No. 333-126120

---

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Amendment No. 2

to

## Form F-3

# REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

## **SK Telecom Co., Ltd.**

(Exact name of Registrant as specified in its charter)

The Republic of Korea  
(State or other jurisdiction of

Not Applicable  
(Translation of registrant's

Not Applicable  
(I.R.S. Employer

incorporation or organization)

name into English)

Identification No.)

11, Euljiro 2-ga  
Jung-gu  
Seoul 100-999 Korea  
Tel: 82-2-6100-1563

Gary R. Whitaker  
SK USA, Inc.  
400 Kelby Street, 17th Floor  
Fort Lee, New Jersey 07024  
Tel: (201) 613-8145

(Address and telephone number of

(Name, address and telephone number of

Registrant's principal executive offices)

Agent for Service)

*Copies to:*

Thomas M. Britt III, Esq.  
Debevoise & Plimpton LLP  
13/F, Entertainment Building  
30 Queen's Road Central, Hong Kong

Jinduk Han, Esq.  
Cleary Gottlieb Steen & Hamilton LLP  
39th Fl., Bank of China Tower  
One Garden Road, Hong Kong

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. "

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered(1)	Number of Shares(2)	Proposed maximum offering price per unit(3)	Proposed maximum aggregate offering amount	Amount of registration fee
Common stock, par value Won 500 per share	5,445,282	\$ 192.915	\$ 1,050,476,577.03	\$ 123,641.09
(1) American Depositary Shares evidenced by American Depositary Receipts issuable on deposit of the shares of common stock registered hereby have been registered under a separate statement on Form F-6, Registration No. 333-96575. Each American Depositary Share represents one-ninth of one share of common stock. (2) Includes all shares of common stock represented by American Depositary Shares initially offered or sold outside the United States that are thereafter sold or resold in the United States. Offers of sales of American Depositary Shares outside the United States are being made pursuant to Regulation S under the Securities Act and are not covered by this Registration Statement. (3) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(c) under the Securities Act on the basis of the average of the high and the low prices of the common stock represented by American Depositary Shares on the New York Stock Exchange on June 23, 2005.				

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**Table of Contents**

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Subject to Completion**

**Preliminary Prospectus dated July 25, 2005**

# **SK Telecom Co., Ltd.**

**47,938,383 American Depositary Shares Representing**

**5,326,487 Shares of Common Stock**

**(par value Won 500 per Share)**

---

Momenta (Cayman), the selling stockholder, is offering up to 5,326,487 shares of our common stock represented by 47,938,383 American Depositary Shares. Each American Depositary Share represents one-ninth of one share of our common stock. Momenta (Cayman) currently owns 6.62% of our issued and outstanding shares. We will not receive any of the proceeds from this offering.

---

Our outstanding American Depositary Shares are traded on the New York Stock Exchange and the London Stock Exchange. The American Depositary Shares are traded under the symbol SKM on the New York Stock Exchange. The last reported sales price of our American Depositary Shares on the New York Stock Exchange on July 22, 2005 was US\$20.65 per American Depositary Share. The primary trading market for our shares is the Stock Market Division of the Korea Exchange, or the KRX Stock Market. The closing price for our shares on the KRX Stock Market on July 22, 2005 was Won 187,000 per share, or US\$183.60 assuming an exchange rate of Won 1018.5 per Dollar.

---

**Investing in our securities involves certain risks. See Risk Factors beginning on page 13.**

---

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	<u>Price to Public</u>	<u>Underwriting Discounts and Commissions</u>	<u>Proceeds to Selling Stockholder, Before Expenses</u>
Per ADS	\$	\$	\$
Total	\$	\$	\$

The underwriters expect to deliver the American Depositary Shares in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on \_\_\_\_\_, 2005.

*Joint Global Coordinators*

**ABN AMRO RothschildMerrill Lynch & Co.SK Securities Co., Ltd.**

*Joint Bookrunners*

**Merrill Lynch & Co.**

**ABN AMRO Rothschild**

---

Prospectus dated \_\_\_\_\_, 2005.

**Table of Contents**

**TAB LE OF CONTENTS**

	<b>Page</b>
<u>Certain Defined Terms and Conventions</u>	1
<u>Enforcement of Civil Liability Provisions of the Federal Securities Laws</u>	2
<u>Special Note Regarding Forward-Looking Statements</u>	2
<u>Summary</u>	4
<u>Risk Factors</u>	13
<u>Use of Proceeds</u>	28
<u>Exchange Rates</u>	29
<u>Market Price Information</u>	30
<u>Dividends</u>	32
<u>Capitalization</u>	34
<u>Selected Consolidated Financial and Operating Data</u>	35
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	39
<u>Business</u>	74
<u>Management</u>	112
<u>Major Shareholders</u>	119
<u>Selling Stockholder</u>	123
<u>Certain Relationships and Related Party Transactions</u>	124
<u>Description of Capital Stock</u>	126
<u>Description of American Depositary Shares</u>	133
<u>Korean Foreign Exchange Controls and Securities Regulations</u>	141
<u>The Korean Securities Market</u>	146
<u>Taxation</u>	151
<u>Underwriting</u>	158
<u>Validity of the Securities</u>	163
<u>Experts</u>	163
<u>Available Information</u>	163
<u>Incorporation of Documents by Reference</u>	164
<u>Index to Financial Statements</u>	F-1

---

**Table of Contents**

**The American Depositary Shares offered hereby may not be offered or sold, directly or indirectly, in Korea or to any resident of Korea, except as permitted by applicable Korean laws and regulations.**

---

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell or to buy only the ADSs offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

---

This prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The ADSs are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such ADSs will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

To the extent that the offer of the ADSs is made in any EEA Member State that has implemented Directive 2003/71/EC (together with any applicable implementing measures in any Member State, the "Prospectus Directive") before the date of publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Member State in accordance with the Prospectus Directive (or, where appropriate, published in accordance with the Prospectus Directive and notified to the competent authority in that Member State in accordance with the Prospectus Directive), the offer (including any offer pursuant to this document) is only addressed to qualified investors in that Member State within the meaning of the Prospectus Directive or has been or will be made otherwise in circumstances that do not require us to publish a prospectus pursuant to the Prospectus Directive.

---

**CERTAIN DEFINED TERMS AND CONVENTIONS**

All references to "Korea" contained in this prospectus are to The Republic of Korea. All references to the "Government" are to the government of The Republic of Korea. All references to "we", "us", "our" or the "Company" are to SK Telecom Co., Ltd. and its consolidated subsidiaries. References to "SK Telecom" are to SK Telecom Co., Ltd., but shall not include its consolidated subsidiaries. All references to "U.S." are to the United States of America. Unless otherwise indicated, from April 1, 2000 onwards, all references to our number of subscribers include subscribers attributable to Shinsegi Telecomm, Inc.

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

## Edgar Filing: SK TELECOM CO LTD - Form F-3/A

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

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

## **Table of Contents**

Unless otherwise indicated, translations of Won amounts into Dollars in this prospectus were made at the noon buying rate in The City of New York for cable transfers in Won per US\$1.00 as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, the translations of Won into Dollars were made at the noon buying rate in effect on December 31, 2004, which was Won 1,035.1 to US\$1.00. On July 22, 2005, the noon buying rate was Won 1018.5 to US\$1.00.

---

## **ENFORCEMENT OF CIVIL LIABILITY PROVISIONS OF THE FEDERAL SECURITIES LAWS**

We are a corporation with limited liability organized under the laws of Korea. All of our directors and officers and certain other persons named in this prospectus reside in Korea, and all or a significant portion of the assets of the directors and officers and certain other persons named in this prospectus and substantially all of our assets are located in Korea. As a result, it may not be possible for you to effect service of process within the United States upon such persons or to enforce against them or against us in U.S. courts judgments predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

---

In connection with this offering, one of the representatives of the underwriters or any person acting for such representative may over-allot or effect transactions with a view to supporting the market price of our ADSs or shares of common stock at a level higher than that which might otherwise prevail for a limited period after the issue date of the ADSs to be offered by this prospectus. However, there is no obligation on such representative or its agent to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. For a description of these activities, see Underwriting .

## **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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

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

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

our implementation of CDMA 1xEV/ DO technology and other technologies such as W-CDMA, which is commonly referred to as third generation, or 3G, wireless technology;



our plans to spend approximately Won 1.6 trillion for capital expenditures in 2005 for a range of projects, including expansion and improvement of our wireless networks, investments in our Internet-related businesses and expansion of our W-CDMA network and our expected future capital expenditures on various initiatives;

**Table of Contents**

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

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

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

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

the effect of the number portability system that allows wireless subscribers to switch wireless service operators while retaining the same mobile phone number and the use of the common prefix identification system;

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

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

We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. Risks and uncertainties associated with our business, include but are not limited to, risks related to changes in the regulatory environment; technology changes; potential litigation and governmental actions; changes in the competitive environment; political changes; foreign exchange currency risks; foreign ownership limitations; credit risks and other risks and uncertainties that are more fully described under the heading **Risk Factors** beginning on page 13 of this prospectus, and elsewhere in this prospectus. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

**Table of Contents**

**SUMMARY**

**Our Company**

**Overview**

We are Korea's leading wireless telecommunications services provider and a pioneer in the commercial development and provision of high-speed wireless data and Internet services. We had approximately 19.2 million subscribers as of June 30, 2005 and our share of the Korean wireless market was approximately 51.1%, based on the number of subscribers. We currently provide the following core services:

Cellular services – we provide digital cellular services to our subscribers using CDMA (code division multiple access) technology, with our network covering approximately 99% of the Korean population;

Wireless Internet services – we provide to subscribers of our wireless Internet services the ability to access the Internet over our networks using laptops, personal digital assistants and other devices; and

Internet content and Internet access – under our NATE brand name, we allow our wireless subscribers to access various websites designed for cellular use, such as access to information and on-line banking services.

In addition, we provide various services outside of Korea, including in China, Mongolia, Vietnam and the United States.

We provide our core services through our CDMA networks and we currently have 2 x 25 MHz of spectrum (i.e., 25 MHz for transmissions from handsets to cell sites and 25 MHz for transmissions from cell sites to handsets) in the 800 MHz range. In October 2000, we became the world's first wireless operator to commercially launch CDMA 1xRTT technology, a CDMA-based advanced radio transmission technology for high-speed wireless data and wireless Internet services. This technology allows transmission of data at speeds of up to 144 Kbps, compared to the 64 Kbps possible over our original CDMA network. In addition to higher data transfer speeds, CDMA 1xRTT technology uses packet-based data transmission technology, which permits more efficient use of the existing wireless spectrum and packet-based pricing of data services.

Beginning in 2002, we launched an upgrade of our CDMA 1xRTT network to employ more advanced CDMA 1xEV/DO technology, and as of June 30, 2005, our upgrade has been completed in 84 cities in Korea. CDMA 1xEV/DO is a more advanced CDMA-based technology which enables data to be transmitted at speeds of up to 2.4 Mbps. This technology allows us to provide advanced wireless data services such as streaming video and audio services.

We are also in the process of installing our wide-band code division multiple access, or W-CDMA network. We were one of the two wireless telecommunications providers to receive a W-CDMA license from the MIC in 2001. W-CDMA, which is commonly referred to as 3G, is a digital cellular technology which uses a 2 x 20 MHz of radio frequency spectrum in the 2 GHz band. We expect that once fully implemented, this new network will allow our subscribers to access a wider range of services, including multimedia content and communications, as this technology enables data to be transmitted at significantly higher data transmission speeds than our principal data network. We are continuing to improve our W-CDMA services in the Seoul metropolitan area and are continuing to build out our W-CDMA network in other metropolitan

areas of Korea.

In March 2004, the MIC assigned us frequency for satellite digital multimedia broadcasting, or DMB, a service which allows broadcasting of multimedia content by satellite to various mobile devices including satellite

## **Table of Contents**

DMB handsets. In October 2004, we granted the rights to our satellite, satellite orbit and frequency to TU Media Corp., one of our affiliates, which received a license from the MIC as a satellite DMB provider on December 30, 2004. On May 1, 2005, TU Media Corp. began to provide satellite DMB services.

We have also received a license from the MIC to provide wireless broadband, or WiBro services, which we believe will serve as a complementary solution to our existing networks and technologies. WiBro is a portable Internet which is expected to deliver broadband connections to users. Once implemented, WiBro will offer subscribers wireless Internet services at a competitive price in the metropolitan areas of Korea where there is a high demand for high-speed and large packet data services.

On July 22, 2005, we had a market capitalization of approximately Won 15.4 trillion (US\$15.1 billion, as translated at the noon buying rate on July 22, 2005) or approximately 3.1% of the total market capitalization on the KRX Stock Market, making us the sixth largest company listed on the KRX Stock Market based on market capitalization on that date. Our ADSs, each representing one-ninth of one share of our common stock, have traded on the New York Stock Exchange since June 27, 1996.

As of July 25, 2005, our foreign currency issuer credit rating was rated A- by Standard & Poors Rating Services, a division of the McGraw Hill Companies, Inc., or S&P, our senior unsecured foreign currency bond rating was rated A2 by Moody's Investors Service, Inc., or Moody's, and our foreign currency long term rating was rated A by Fitch Ratings Ltd., or Fitch.

We established our telecommunications business in March 1984 under the name of Korea Mobile Telecommunications Services Co., Ltd., under the laws of Korea. We changed our name to Korea Mobile Telecommunications Co., Ltd. in 1988. We changed our name to SK Telecom Co., Ltd. effective March 21, 1997. Our registered office is at 11, Euijiro 2-ga, Jung-gu, Seoul 100-999, Korea and our telephone number is 82-2-6100-1563.

## **Business Strategy**

We believe that trends in the Korean telecommunications industry during the next decade will mirror those in the global market and that the industry will be characterized by rapid technological change, reduced regulatory barriers and increased competition. Our business strategy is to enhance shareholder value by maintaining and consolidating our leading position in the Korean market for wireless services, including voice, data and Internet services. As the Korean market continues to mature, we will continue to focus on these core businesses in order to expand and enhance the range and quality of our wireless telecommunications services. Our principal strategies are to:

*Enhance the technical capabilities of our wireless networks to improve data transmission rates and service quality and to enable us to offer an increased range of services.* We are expanding the geographic coverage and subscriber capacity of our existing CDMA 1xRTT network and are progressively upgrading this network to employ CDMA 1xEV/DO technology, capable of data transmission at speeds of up to 2.4 Mbps.

*Offer a broad range of new and innovative wireless data and Internet services.* Through our integrated wireless and on-line portal, NATE, we plan to continue expanding the range of our wireless data and Internet services with a view to increasing revenue from these services. Our strategy includes the introduction of sophisticated multimedia services (such as June, a premium wireless data service that provides streaming multimedia video content through our CDMA 1xEV/DO technology), mobile commerce services (such as Moneta and Liquid Screen Small Payment Service, wireless



---

**Table of Contents**

credit and payment systems which allow subscribers to provide merchants with credit card information and payment authorization using chips embedded in their wireless handsets), mobile community portal services (such as Mobile Cyworld, which allows subscribers to enjoy Cyworld, our on-line community portal service, through their cellular phone) and mobile finance services (such as M BANK, M-Stock and Moneta Card) that can be accessed using handsets and other devices, including personal computers, personal digital assistants and vehicle mounted terminals.

*Retain and capitalize on our large, high-quality wireless subscriber base.* With approximately 19.2 million subscribers as of June 30, 2005, we have the largest wireless subscriber base in Korea. We focus on maintaining and expanding our high-quality subscriber base through the provision of enhanced wireless services, particularly advanced wireless data and Internet-based applications, at higher speeds than previously available. As part of this strategy, we encourage our CDMA subscribers to migrate to our more advanced CDMA 1xRTT and CDMA 1xEV/DO networks.

*Position ourselves to be a leader in implementing new and improved wireless technologies.* We pursue a research and development program designed to allow us to implement new wireless technologies as market opportunities arise. We operate a network research and development center which is focused on wireless network design, digital cellular technologies and wireless telecommunications applications. This center includes a research team that is helping to develop fourth generation, or 4G, wireless technology, which is expected to enable wireless data transmission at speeds of up to 155 Mbps, 70 times faster than 3G technology. We acquired a license to develop and operate a W-CDMA network using  $2 \times 20$  MHz of spectrum in the 2 GHz band. We have commenced provision of our IMT-2000 services based on our W-CDMA network on a limited basis in Seoul at the end of 2003. We are continuing to improve our W-CDMA services in the Seoul metropolitan area and are continuing to build out our W-CDMA network in other metropolitan areas of Korea. In the first half of 2006, we plan to start deploying high speed download packet access ( HSDPA ), also known as 3.5G technology, which enables data to be transmitted at speeds of up to two to three times faster than 1xEV/DO. We have commenced testing of the system that will enable such upgrade to HSDPA by simply upgrading applicable software and without requiring any new infrastructure.

*Take initiative in transitioning to what is being referred to as a convergent and ubiquitous era in mobile communications.* We are striving to satisfy our customers' needs by launching such new services as Telematics, Broadband Convergence Networks and Digital Home. In particular, we obtained a 2.3Ghz portable Internet (WiBro) service license in March of 2005. This service will be deployed in a way that will maximize its synergistic effect with conventional mobile phone services. We are actively implementing new businesses with an objective of achieving significant synergies between our subsidiary and affiliate companies. In this regard, TU Media Corp., one of our affiliates, successfully launched satellite DMB service in May 2005. TU Media's satellite DMB service became commercially operational on May 1, 2005 and had surpassed 75,000 subscribers as of June 30, 2005. From July 2005, TU Media will additionally provide DMB services to KT Freetel Co., Ltd., or KTF, and LG Telecom, Ltd., or LGT, subscribers.

*New business expansion into the wireless Internet contents sector such as music.* In May 2005, we announced the acquisition of a 60% stake in YBM Seoul Records Inc., Korea's largest music recording company in terms of records released and revenues, for Won 29.2 billion. The acquisition of YBM Seoul Records secures a larger content pool to provide subscribers through our MelOn digital music service. We currently plan to have YBM distribute and invest in digital music. Also in May 2005, we announced the formation of a Won 30 billion fund co-investing with local Korean investment companies to produce and distribute music products, seek strategic partnerships with other recording companies, and vitalize Korea's music industry. Furthermore, in May 2005, we announced our plan to invest in a Won 20 billion fund to strengthen our ability to obtain movie contents.

## **Table of Contents**

*Continue to expand into overseas markets.* We have been seeking to expand into various overseas markets. Through the launch of a joint venture company with China Unicom in February 2004, we began extending our wireless Internet service in China. We are also providing a CDMA cellular service in the Vietnamese market. In addition, we have been exporting what we refer to as our coloring solution, which allows the calling party to hear music or an audio clip selected by a subscriber instead of the standard ringback tone that is heard until the call is connected, and wireless Internet platforms and solutions, to countries such as Taiwan and Thailand. We established a joint venture with EarthLink, Inc., a Delaware corporation, the third largest Internet service provider in the U.S., to launch voice and data services across the U.S. as a mobile virtual network operator (MVNO) in 2005. In May 2005 we announced our pending entry into the European GSM market with the global positioning system based safety service for children called i-Kids. We signed a contract to sell the GSM-based i-Kids solution to SF-Alert, a mobile security firm in the Netherlands. In connection with this transaction, we acquired a 20% stake in SF-Alert in April 2005.

## **Principal Stockholders**

We are a member of the SK Group (formerly the Sunkyong Group), whose members owned in aggregate 24.03% of the shares of our issued common stock as of December 31, 2004. The SK Group is a diversified group of companies incorporated in Korea with interests in, among other things, telecommunications, trading, energy, chemicals, engineering and leisure industries. Until mid-1994, our largest shareholder was KT Corporation (formerly known as Korea Telecom Corp.), Korea's principal fixed-line operator and the parent of KTF, one of our principal wireless competitors. As of July 25, 2005, SK Corporation was our largest shareholder.



**Table of Contents**

**The Offering**

The Offering	47,938,383 ADSs representing 5,326,487 shares of common stock, constituting approximately 6.5% of our issued and outstanding shares of common stock.
Selling Stockholder	All of the offered ADSs are being sold by Momenta (Cayman). As a result of the offering, Momenta (Cayman) s interest in SK Telecom will be reduced from approximately 6.6% to approximately 0.1%. See Selling Stockholder in this prospectus.
The ADSs	Each offered ADS represents one-ninth of one share of common stock, par value Won 500 per share, of SK Telecom. The ADSs offered hereby are evidenced by American Depositary Receipts. See Description of American Depositary Shares and Description of Capital Stock .
Offering Price	The ADSs are being offered at a price of US\$ per ADS.
Depository	Citibank, N.A.
Use of Proceeds	We will not receive any of the proceeds from the sale of these ADSs.
Listing	The ADSs are listed on the New York Stock Exchange and on the Official List of the United Kingdom Listing Authority and are admitted for trading on the London Stock Exchange. The outstanding shares of our common stock are listed and are principally traded on the KRX Stock Market.
Lock-up	We are restricted from disposing of any of our common stock or related instruments for a period of 90 days after the date of this prospectus, subject to certain exceptions. In addition, each of SK Corporation and SK Networks is restricted from disposing of any of our common stock or related instruments for a period of 150 days and 90 days, respectively, after the date of this prospectus, subject to certain exceptions. See Underwriting .
New York Stock Exchange Symbol for ADSs	SKM

**Table of Contents****SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA**

You should read the summary consolidated financial and operating data below in conjunction with the consolidated financial statements and the related notes included elsewhere in this prospectus. The summary consolidated financial data for the five years ended December 31, 2004 are derived from our audited consolidated financial statements and related notes thereto. Information as of and for the years ended December 31, 2000 and 2001 includes information as of and for the nine months ended December 31, 2000 and the year ended December 31, 2001, respectively, for Shinsegi unless otherwise specified. Shinsegi was merged into SK Telecom in January 2002.

Our consolidated financial statements are prepared in accordance with Korean GAAP, which differ in certain respects from United States generally accepted accounting principles, or U.S. GAAP. For more detailed information you should refer to notes 30 and 31 of the notes to our audited consolidated financial statements included in this prospectus.

**As of or for the Year Ended December 31,**

	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2004*</b>
<b>(In billions of Won and millions of Dollars, except per share and percentage data)</b>						
<b>INCOME STATEMENT DATA</b>						
<b>Korean GAAP:</b>						
Total Operating Revenue(1)	(Won) 7,423.1	(Won) 8,371.9	(Won) 9,324.0	(Won) 10,272.1	(Won) 10,570.6	US\$ 10,212.2
Cellular Service(1)	7,245.1	8,203.0	9,156.8	10,091.8	10,297.6	9,948.4
Paging Service(2)	57.7	8.8				
Other(3)	120.3	160.1	167.2	180.3	273.0	263.8
Operating Expenses	5,927.6	6,047.4	6,526.4	7,167.0	8,130.9	7,855.2
Operating Income	1,495.5	2,324.5	2,797.6	3,105.1	2,439.7	2,357.0
Income before Income Taxes and Minority Interest	1,287.8	1,976.7	2,218.8	2,754.3	2,123.2	2,051.2
Income before Minority Interest						
Interest	920.5	1,126.4	1,520.3	1,965.3	1,493.4	1,442.8
Net Income	972.3	1,146.0	1,487.2	1,966.1	1,491.5	1,440.9
Income per Share of Common Stock(4)	11,146	13,242	17,647	26,187	20,261	19.57
Diluted Net Income per Share of Common Stock(4)	11,146	13,242	17,647	26,187	20,095	19.41
Dividends per Share of Common Stock(5)	540	690	1,800	5,500	10,300	9.95
Weighted Average Number of Shares	87,226,559	86,545,041	84,270,450	75,078,219	73,614,297	73,614,297
<b>U.S. GAAP:</b>						
Net Income	(Won) 895.4	(Won) 1,111.6	(Won) 1,301.1	(Won) 2,062.7	(Won) 1,553.1	US\$ 1,500.4
Income per Share of Common Stock(4)	10,265	12,844	15,440	27,475	21,097	20.38
Diluted Net Income per Share of Common Stock(4)	10,265	12,844	15,439	27,475	20,921	20.21
Dividends per Share of Common Stock(5)	540	690	1,800	5,500	10,300	9.95
Weighted Average Number of Shares	87,226,559	86,545,041	84,270,450	75,078,219	73,614,297	73,614,297

**As of or for the Year Ended December 31,**

<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2004*</b>
-------------	-------------	-------------	-------------	-------------	--------------

(In billions of Won and millions of Dollars, except per share and percentage data)

**BALANCE SHEET DATA**

**Korean GAAP:**

Working Capital												
(Deficiency)(6)	(Won)	(374.6)	(Won)	668.2	(Won)	(189.7)	(Won)	(461.4)	(Won)	1,323.8	US\$	1,278.9
Fixed Assets Net		4,543.2		4,174.7		4,569.4		4,641.5		4,703.9		4,544.4
Total Assets		11,044.2		13,326.3		14,228.7		13,818.2		14,283.4		13,799.1
Long-term Liabilities(7)		1,727.2		3,498.4		3,693.4		3,193.5		4,010.7		3,874.7
Total Shareholders Equity		6,142.7		6,149.3		6,231.9		6,093.8		7,205.7		6,961.4

**Table of Contents**

As of or for the Year Ended December 31,

	2000	2001	2002	2003	2004	2004*
(In billions of Won and millions of Dollars, except per share and percentage data)						
<b>U.S. GAAP:</b>						
Working Capital (Deficiency)	(Won) (332.5)	(Won) 729.6	(Won) (108.2)	(Won) (445.5)	(Won) 1,311.3	US\$ 1,266.8
Total Assets	11,182.8	13,841.0	15,720.7	15,586.2	15,576.8	15,048.6
Total Shareholders' Equity	6,117.9	5,820.1	6,356.2	7,014.7	8,237.0	7,957.7
<b>OTHER FINANCIAL DATA</b>						
<b>Korean GAAP:</b>						
EBITDA(8)	(Won) 2,941.7	(Won) 3,932.4	(Won) 3,954.1	(Won) 4,706.4	(Won) 4,085.8	US\$ 3,947.3
Capital Expenditures(9)	2,241.1	1,382.1	2,024.7	1,647.6	1,704.3	1,646.5
R&D Expenses(10)	117.1	153.7	253.3	300.7	336.1	324.7
Internal R&D	78.8	130.7	194.3	235.8	267.1	258.0
External R&D	38.3	23.0	59.0	64.9	69.0	66.7
Depreciation and Amortization	1,456.4	1,759.6	1,543.3	1,646.3	1,741.6	1,682.5
Cash Flow from Operating Activities	3,043.5	2,423.9	4,267.8	3,328.8	2,516.1	2,430.8
Cash Flow from Investing Activities	(4,667.8)	(1,972.8)	(3,063.4)	(1,414.4)	(1,469.5)	(1,419.7)
Cash Flow from Financing Activities	1,629.3	331.2	(1,418.2)	(2,261.0)	(968.6)	(935.8)
Margins (% of total sales):						
EBITDA Margin(8)	39.6%	47.0%	42.4%	45.8%	38.7%	38.7%
Operating Margin	20.1	27.8	30.0	30.2	23.1	23.1
Net Margin	13.1	13.7	15.9	19.1	14.1	14.1
<b>U.S. GAAP:</b>						
EBITDA(8)	2,930.5	3,859.1	3,620.7	4,679.1	3,970.4	3,835.8
Capital Expenditures(9)	2,241.1	1,382.1	2,024.7	1,647.6	1,704.3	1,646.5
Cash Flow from Operating Activities	3,043.5	2,423.8	3,708.9	3,281.3	2,985.9	2,884.7
Cash Flow from Investing Activities	(4,667.8)	(1,972.8)	(2,995.2)	(1,422.5)	(1,393.2)	(1,346.0)
Cash Flow from Financing Activities	1,629.3	331.2	(927.5)	(2,205.5)	(1,514.8)	(1,463.4)

As of or for the Year Ended December 31,

	2000	2001	2002	2003	2004
<b>SUMMARY OPERATING DATA</b>					
Population of Korea (millions)(11)	47.0	47.4	47.6	47.9	48.2
Our Wireless Penetration(12)	30.7%	32.0%	36.1%	38.2%	39.0%
Number of Employees(13)	7,279	5,693	6,241	6,286	7,353
Total Sales per Employee (millions)	(Won) 1,019.8	(Won) 1,470.6	(Won) 1,494.0	(Won) 1,634.1	(Won) 1,437.6
Wireless Subscribers(14)	14,452,683	15,179,163	17,219,562	18,313,315	18,783,338
Average Monthly Outgoing Voice Minutes per Subscriber(15)	148	172	191	197	194
Average Monthly Revenue per Subscriber(16)	(Won) 32,906	(Won) 36,400	(Won) 38,383	(Won) 39,739	(Won) 39,689
Average Monthly Churn Rate(17)	2.8%	1.4%	1.4%	1.2%	1.7%
Digital Cell Sites(18)	7,008	6,056	7,384	8,309	9,458

\* The conversion into Dollars was made at the rate of Won 1,035.1 to US\$1.00. See note 2(a) of the notes to our consolidated financial statements.

- (1) Includes Won 494.0 billion for 2000, Won 702.4 billion for 2001, Won 534.0 billion for 2002, Won 612.0 billion for 2003 and Won 649.8 billion for 2004 from the sale of digital handsets by our former subsidiary, SK Teletech Co., Ltd., and Won 1,312.4 billion for 2000, Won 1,339.9 billion for 2001, Won 1,043.2 billion for 2002, Won 1,017.1 billion for 2003 and Won 849.4 billion for 2004 of interconnection revenue (including interconnection revenue in respect of calls between mobile users starting in 2000). Shinsegi was merged into us on January 13, 2002. See Business Interconnection .
- (2) In March 2001, we transferred our paging business to Real Telecom Co., Ltd. (formerly known as INTEC Telecom Co., Ltd.) in exchange for 9.9% of Real Telecom's newly issued shares and bonds with a principal amount of Won 9.5 billion that can be converted into an additional 7.8% interest in Real Telecom. Consequently, the results of the paging business are no longer included in our revenues after such date.
- (3) For more information about our other revenue, see Management's Discussion and Analysis of Financial Condition and Results of Operations and Business .



**Table of Contents**

- (4) Income per share of common stock is calculated by dividing net income by the weighted average number of shares outstanding during the period, giving effect to the 10-for-1 stock split of our common shares which became effective on April 21, 2000 and resulted in the par value of each share being reduced from Won 5,000 to Won 500.
- (5) Dividend per share of common stock has been adjusted to give effect to the 10-for-1 stock split of our common shares of common stock which became effective on April 21, 2000. On January 1, 2002, we adopted Statement of Korea Accounting Standards ( SKAS ) No. 6, Events Occurring after Balance Sheet Date . This statement requires that proposed cash dividends be reflected on the balance sheet when the appropriations are approved by shareholders which is similar to U.S. GAAP. In order to reflect this accounting change, our prior year s financial statements have been restated accordingly. See note 2(w) of the notes to our consolidated financial statements.
- (6) Working capital means current assets minus current liabilities.
- (7) Our monetary assets and liabilities denominated in foreign currencies are valued at the exchange rate of Won 1,260 to US\$1.00 as of December 31, 2000, Won 1,326 to US\$1.00 as of December 31, 2001, Won 1,200 to US\$1.00 as of December 31, 2002, Won 1,198 to US\$1.00 as of December 31, 2003 and Won 1,044 to US\$1.00 as of December 31, 2004, the rates of exchange permitted under Korean GAAP as of those dates. See note 2(s) of the notes to our consolidated financial statements.
- (8) EBITDA refers to income before interest income, interest expense, taxes, depreciation and amortization. EBITDA is commonly used in the telecommunications industry to analyze companies on the basis of operating performance, leverage and liquidity. Since the telecommunications business is a very capital intensive business, capital expenditures and level of debt and interest expenses may have a significant impact on net income for companies with similar operating results. Therefore, for a telecommunications company such as ourselves, we believe that EBITDA provides a useful reflection of our operating results. We use EBITDA as a measurement of operating performance because it assists us in comparing our performance on a consistent basis as it removes from our operating results the impact of our capital structure, which includes interest expense from our outstanding debt, and our asset base, which includes depreciation and amortization of our property and equipment. However, EBITDA should not be construed as an alternative to operating income or any other measure of performance determined in accordance with Korean GAAP or U.S. GAAP or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities. Other companies may define EBITDA differently than we do. EBITDA under U.S. GAAP is computed using interest income, interest expense, depreciation, amortization and income taxes under U.S. GAAP which may differ from Korean GAAP for these items.
- (9) Consists of investments in property, plant and equipment.
- (10) Includes donations to Korean research institutes and educational organizations. See Management s Discussion and Analysis of Financial Condition and Results of Operations Research and Development .
- (11) Population estimates based on historical data published by the National Statistical Office of Korea.
- (12) Wireless penetration is determined by dividing subscribers by total estimated population, as of the end of the period.
- (13) Includes regular employees and temporary employees. See Employees . Includes 1,687 and 1,332 Shinsegi employees as of December 31, 2000 and 2001, respectively.
- (14) Wireless subscribers include those subscribers who are temporarily deactivated, including (1) subscribers who voluntarily deactivate temporarily for a period of up to three months no more than twice a year and (2) subscribers with delinquent accounts who may be involuntarily deactivated up to two months before permanent deactivation, which we determine based on various factors, including prior payment history. Wireless subscribers also include 3,517,831 Shinsegi subscribers as of December 31, 2000 and 3,311,874 as of December 31, 2001. Shinsegi was merged into SK Telecom on January 13, 2002.
- (15) The average monthly outgoing voice minutes per subscriber is computed by dividing the total minutes of outgoing voice usage for the period by the monthly weighted average number of subscribers for the period and dividing the quotient by the number of months in the period. The monthly weighted average number of subscribers is the sum of the average number of subscribers for the month, calculated by taking the simple average number of subscribers at the beginning of the month and at the end of the month, divided by the number of months in the period. Shinsegi s subscribers and outgoing voice minutes are included from April 1, 2000.
- (16) The average monthly revenue per subscriber excludes interconnection revenue and is computed by dividing total initial connection fees, monthly access fees, usage charges for voice and data, international charges, value-added service fees; and interest on overdue accounts (net of telephone tax) for the period by the monthly weighted average number of subscribers for the period and dividing the quotient by the number of months in the period. Including interconnection revenue, consolidated average monthly revenue per subscriber was Won 43,958 for 2002, Won 44,546 for 2003 and Won 43,542 for 2004. Shinsegi s subscribers and revenue are included from April 1, 2000. For information about the average monthly revenue per subscriber of SK Telecom and Shinsegi on a stand-alone basis, see Management s Discussion and Analysis of Financial Condition and Results of Operations Overview .
- (17) The average monthly churn rate for a period is the number calculated by dividing the sum of voluntary and involuntary deactivations during the period by the simple average of the number of subscribers at the beginning and end of the period and dividing the quotient by the number of months in the period. Churn includes subscribers who upgrade to CDMA 1xRTT or CDMA 1xEV/ DO-capable handsets by terminating their service and opening a new subscriber account.
- (18) Includes 2,532 cell sites of Shinsegi as of December 31, 2000 and 1,685 cell sites as of December 31, 2001.

**Table of Contents**

As a measure of our operating performance, we believe that the most directly comparable U.S. and Korean GAAP measure to EBITDA is net income. The following table reconciles our net income under U.S. GAAP to our definition of EBITDA on a consolidated basis for the five years ended December 31, 2000, 2001, 2002, 2003 and 2004.

**RECONCILIATION OF NET INCOME TO EBITDA UNDER U.S. GAAP**

As of or for the Year Ended December 31,

	2000	2001	2002	2003	2004	2004*
(In billions of Won and millions of Dollars)						
<b>Net Income</b>	(Won) 895.4	(Won) 1,111.6	(Won) 1,301.1	(Won) 2,062.7	(Won) 1,553.1	US\$ 1,500.4
ADD: Interest income	(67.6)	(101.8)	(90.8)	(93.9)	(86.7)	(83.8)
Interest expense	215.1	274.4	396.6	387.1	291.0	281.2
Taxes	408.5	791.3	585.0	811.5	611.1	590.4
Depreciation and Amortization	1,479.1	1,783.6	1,428.8	1,511.7	1,601.9	1,547.6
<b>EBITDA</b>	(Won) 2,930.5	(Won) 3,859.1	(Won) 3,620.7	(Won) 4,679.1	(Won) 3,970.4	US\$ 3,835.8

\* The conversion into Dollars was made at the rate of Won 1,035.1 to US\$1.00. See note 2(a) of the notes to our consolidated financial statements. The following table reconciles our net income under Korean GAAP to our definition of EBITDA on a consolidated basis for the five years ended December 31, 2000, 2001, 2002, 2003 and 2004.

**RECONCILIATION OF NET INCOME TO EBITDA UNDER KOREAN GAAP**

As of or for the Year Ended December 31,

	2000	2001	2002	2003	2004	2004*
(In billions of Won and millions of Dollars)						
<b>Net Income</b>	(Won) 972.3	(Won) 1,146.0	(Won) 1,487.2	(Won) 1,966.1	(Won) 1,491.5	US\$ 1,440.9
ADD: Interest income	(67.6)	(97.4)	(86.0)	(86.5)	(80.5)	(77.7)
Interest expense	213.3	273.9	311.1	391.5	303.4	293.1
Taxes	367.3	850.3	698.5	789.0	629.8	608.5
Depreciation and Amortization	1,456.4	1,759.6	1,543.3	1,646.3	1,741.6	1,682.5
<b>EBITDA</b>	(Won) 2,941.7	(Won) 3,932.4	(Won) 3,954.1	(Won) 4,706.4	(Won) 4,085.8	US\$ 3,947.3

\* The conversion into Dollars was made at the rate of Won 1,035.1 to US\$1.00. See note 2(a) of the notes to our consolidated financial statements.

**Table of Contents**

**RISK FACTORS**

*An investment in the ADSs offered hereby involves various risks. If you are considering purchasing our ADSs, you should carefully review the information contained in this prospectus, including in particular, the following:*

**Competition May Reduce Our Market Share and Harm Our Results of Operation and Financial Condition.**

We face substantial competition in the wireless telecommunications sector in Korea. We expect competition to intensify as a result of consolidation of market leaders and the development of new technologies, products and services. We expect that such trends will continue to put downward pressure on the prevailing tariffs we can charge our subscribers. Also, continued competition from the other wireless and fixed-line service providers has resulted in, and may continue to result in, a substantial level of deactivations among our subscribers. Subscriber deactivations, or churn, may significantly harm our business and results of operations. In addition, increased competition may cause our marketing expenses to increase as a percentage of sales, reflecting higher advertising expenses and other costs of new marketing activities, which may need to be introduced to attract and retain subscribers.

Prior to April 1996, we were the only wireless telecommunications service provider in Korea. Since then, several new providers have entered the market, offering wireless voice and data services that compete directly with our own. Together, these providers had a market share of approximately 48.9%, in terms of numbers of wireless service subscribers, as of June 30, 2005. Furthermore, in 2001, the Government awarded to three companies licenses to provide high-speed third generation, or 3G, wireless telecommunications services. One of these licenses was awarded to SK Telecom's former subsidiary, SK IMT Co., Ltd., which was merged into SK Telecom on May 1, 2003, and the other two licenses were awarded to consortia led by or associated with KT Corporation, Korea's principal fixed-line operator and the parent of KTF, one of our principal wireless competitors, and to LGT. In addition, our wireless voice businesses compete with Korea's fixed-line operators, and our wireless data and Internet businesses compete with providers of fixed-line data and Internet services.

Beginning in 2000, there has been considerable consolidation in the wireless telecommunications industry resulting in the emergence of stronger competitors. In 2000, KT Corporation acquired a 47.9% interest in Hansol M.Com (formerly Hansol PCS Co., Ltd.), which was the fifth largest wireless operator in terms of numbers of wireless service subscribers at such time. Hansol M.Com subsequently changed its name to KT M.Com and merged into KTF in May 2001. In May 2002, the Government sold its remaining 28.4% stake in KT Corporation. KT Corporation had a 48.7% interest in KTF as of December 31, 2004. It is widely believed that KT Corporation is likely to operate more efficiently and be managed more effectively and profitably following its privatization. Such consolidation has created large, well-capitalized competitors with substantial financial, technical, marketing and other resources to respond to our business offerings. Future business combinations and alliances in the telecommunications industry may also create significant new competitors and could harm our business and results of operations.

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



---

**Table of Contents**

**Inability to Successfully Implement or Adapt Our Network and Technology to Meet the Continuing Technological Advancements Affecting the Wireless Industry Will Likely Have a Material Adverse Effect on Our Financial Condition, Results of Operation and Business.**

The telecommunications industry has been characterized by continuous improvement and advances in technology and this trend is expected to continue. For example, we and our competitors have introduced new network technology upgrades from our basic CDMA network to a more advanced high-speed wireless telecommunications network based on CDMA 1xRTT and CDMA 1xEV/DO technology. Recently, Korean wireless telecommunications companies, including us, have begun to implement even newer technologies such as W-CDMA and CDMA2000, both of which are commonly referred to as 3G technology. W-CDMA service is also known as IMT-2000 service in Korea. Such new networks are expected to support data transmission services with more advanced features and significantly higher data transmission speeds than our principal data network. We commenced provision of our W-CDMA services on a limited basis in Seoul at the end of 2003. We are continuing to improve our W-CDMA services in the Seoul metropolitan area and are continuing to build-out our W-CDMA network in other metropolitan areas of Korea. The successful introduction and operation of a 3G network by a competitor could materially and adversely affect our existing wireless businesses as well as the returns on future investments we may make in our 3G network or our other businesses. In addition, although it is in its very nascent stages, it is our understanding that many industry participants, both in Korea and elsewhere, including us, are developing what is known as 4G technologies, which when developed, is intended to provide even greater speeds and capacity than that offered by the current 3G technologies. We could be harmed if we fail to adapt to technological or other changes in the telecommunications sector in a timely manner. For a description of some of the difficulties that we are facing with respect to W-CDMA, see W-CDMA technology may require significant capital and other expenditures for implementation which we may not recoup and may be difficult to integrate with our other businesses .

In March 2005, we obtained a license from the MIC to provide WiBro services, which will offer high-speed and large packet data services at a competitive price and serve as a complementary solution to the existing mobile communication services such as W-CDMA. We currently plan to invest approximately Won 800 billion to provide WiBro services; however, our investment plans may change depending on the market demand for such services, competitors offering similar services and development of competing technologies. We cannot assure you, however, that there will be sufficient demand for our WiBro services as a result of competition or otherwise.

**W-CDMA Technology May Require Significant Capital and Other Expenditures for Implementation Which We May Not Recoup and Such Technology May Be Difficult to Integrate with Our Existing Technology and Business.**

W-CDMA is a high-speed wireless communication technology that we believe will allow us to offer even more sophisticated wireless data transmission services at faster speeds than our current CDMA 1xRTT network or our CDMA 1xEV/DO network. Under the terms of our W-CDMA license received in 2001 from the MIC, we were required to commence provision of W-CDMA services by the end of 2003. We commenced our W-CDMA based services on a limited basis in Seoul at the end of 2003. We are continuing to improve our W-CDMA services in the Seoul metropolitan area and are continuing to build out our W-CDMA network in other metropolitan areas of Korea. Although we developed and launched in March 2005 dual band/dual mode handsets, one of the prerequisites for a nationwide deployment of W-CDMA, the actual scope and timing of the full nationwide roll-out of our W-CDMA network will depend on various other factors, including the availability of network equipment, ability to overcome technical problems currently affecting W-CDMA performance, regulatory decisions, our assessment of the market opportunities for W-CDMA technology-based services and the competitive landscape in the Korean wireless market.

We cannot assure you that we will be able to construct a nationwide W-CDMA network or provide W-CDMA services in a timely, effective and cost-efficient manner. Several companies in other countries have announced delays in the roll-out of their 3G services as a result of technological problems and difficulties with



## **Table of Contents**

software, equipment and handset supply. We believe that we may be vulnerable to similar problems, and if such problems are not resolved effectively as they arise, our financial condition or results of operations could be adversely affected. In addition, the MIC is empowered to take various measures against us ranging from the suspension of our business to the revocation of our W-CDMA license if we fail to comply with the terms of our W-CDMA license. We believe that we are currently in compliance with all material terms of the license. Also, even if we complete our W-CDMA network in a timely basis, we cannot assure you that there will be sufficient demand for our W-CDMA services, as a result of competition or otherwise, to permit us to recoup or profit from our investment in the W-CDMA license and network. In addition, demand for our W-CDMA services will depend in part on the availability of attractive content and services. We cannot assure you that such content and services will become available in a timely manner, or at all.

We expect that the build-out of our W-CDMA network may require external financing, and we cannot assure you that such financing will be available at a cost acceptable to us, or at all. Also, we cannot assure you that we will be able to successfully integrate W-CDMA services into our existing businesses in a timely or cost-effective manner or that the W-CDMA business will not adversely affect our current wireless businesses, including the services currently provided on our existing networks.

### **Our Growth Strategy Calls for Significant Investments in New Businesses and Regions, Including Businesses and Regions in Which We Have Limited Experience.**

As a part of our growth strategy, we plan to seek business opportunities abroad. For example, we recently entered into a joint venture project with China Unicom in February 2005 to market and offer wireless Internet service in China and have established a joint venture with EarthLink in the United States, to provide voice and data services as a mobile virtual network operator in the United States. We also have ongoing projects in Vietnam and Mongolia. We will continue to seek opportunities for additional capital contributions in our investee companies or for new investments in a disciplined manner, consistent with our core values and philosophies. Entering these new businesses and regions, in which we have limited experience, may require us to make substantial investments and no assurance can be given that we will be successful in our efforts.

### **Due to the Existing High Penetration Rate of Wireless Services in Korea and the Korean Government's Prohibition on Handset Subsidies, We are Unlikely to Maintain Our Subscriber Growth Rate, Which Could Adversely Affect Our Results of Operations.**

According to data published by the MIC and our population estimates based on historical data published by the National Statistical Office of Korea, the penetration rate for the Korean wireless telecommunications service industry as of June 30, 2005 was approximately 77.7%, which is high compared to many industrialized countries. It is unlikely that the penetration rates for wireless telecommunications service will grow at the same pace as it has in the past given such high penetration rates. Slowed growth in penetration rates without a commensurate increase in revenues through the introduction of new services and increased use of our services by existing subscribers would likely have a material adverse effect on our financial condition and results of operations.

In the past, wireless telecommunications service providers provided handsets at below retail prices to attract new subscribers, offsetting a significant portion of the cost of handsets. The rapid growth in penetration rate in recent years can, at least in part, be attributed to such subsidies on handsets given to new subscribers. The MIC prohibited all wireless telecommunications service providers, subject to certain exceptions stipulated in the Telecommunications Business Act, from providing any such handset subsidies beginning June 1, 2000. The MIC has, on several occasions between March 2002 and May 2005, imposed various types of sanctions and fines against us and the other wireless service providers for violating restrictions on providing handset subsidies and other activities which were deemed to be disruptive to fair competition. We paid the fines and believe that we have complied in all material respects with the other sanctions imposed by the MIC. For details on these and other government penalties, see [Legal Proceedings](#).



## **Table of Contents**

On May 25, 2004, a policy advisory committee to the MIC announced the results of its review of the merger conditions related to our acquisition of Shinsegi in January 2002 and stated that the committee believed that our market dominance may significantly restrict competition in the telecommunications market and that we had violated a merger condition by providing subsidies to handset buyers. On the same day, we voluntarily undertook to limit our market share through the end of 2005 to 52.3% of the wireless telecommunications market, the level of our market share at the time of the approval of our merger with Shinsegi in January 2002. On June 7, 2004, the MIC imposed a Won 11.9 billion fine on us and extended the post-merger monitoring period until January 2007 in accordance with the policy advisory committee's recommendation. On the same day, the MIC also issued a suspension that prohibited us from acquiring new subscribers for a period of 40 days beginning August 20, 2004. The MIC also issued suspensions to three other telecommunications companies that prohibited them from acquiring new subscribers for periods ranging from 20 to 30 days. KTF was issued a 30-day suspension beginning July 21, 2004; LGT was issued a 30-day suspension beginning on June 21, 2004; and KT Corporation was issued a 20-day suspension beginning July 21, 2004. These suspensions resulted from MIC's determination that we violated the ban on providing subsidies to handset purchasers. During the suspensions, each company was able to continue regular business activities, including replacement of handsets, changes in user names, changes in mobile phone numbers and changes in tariff plans applicable to the existing subscribers. Because of the length and timing of our suspension relative to our competitors, we believe the suspension had a negative impact on the number of new subscribers to our services in August and September of 2004.

As a result of the already high penetration rates in Korea for wireless services, our large market share, the MIC's handset subsidy regulation and the steps we have taken to comply with such regulation, we expect our subscriber growth rate to decrease, which could adversely affect our results of operations.

### **Our Business and Results of Operations May Be Adversely Affected if We Fail to Acquire Adequate Additional Spectrum or Use Efficiently Our Bandwidth to Accommodate Subscriber Growth and Subscriber Usage.**

One of the principal limitations on a wireless network's subscriber capacity is the amount of spectrum available for use by the system. We have been allocated 2 x 25 MHz of spectrum in the 800 MHz band. As a result of bandwidth constraints, our CDMA 1xRTT network is currently operating near its capacity in the Seoul metropolitan area and although capacity constraints are not as severe on our CDMA 1xEV/DO network, this network generally operates at high utilization rates. While we believe that we can address this through system upgrades and efficient allocation of bandwidth, inability to address such capacity constraints in a timely manner may adversely affect our business and results of operations.

The growth of our wireless data businesses has increased our utilization of our bandwidth, since wireless data applications are generally more bandwidth-intensive than voice services. This trend has been offset in part by the implementation of our CDMA 1xRTT network and CDMA 1xEV/DO network, which use bandwidth more efficiently for voice and data traffic than our CDMA networks. If the current trend of increased data transmission use by our subscribers continues, our bandwidth capacity requirements are likely to increase. Growth of our wireless business will depend in part upon our ability to manage effectively our bandwidth capacity and to implement timely and efficiently new bandwidth-efficient technologies if they become available. We cannot assure you that bandwidth constraints will not adversely affect the growth of our wireless business.

### **We May Have to Make Further Financing Arrangements to Meet Our Capital Expenditure Requirements and Debt Payment Obligations.**

As a network-based wireless telecommunications provider, we have had in the past and expect to continue to have significant capital expenditure requirements, as we continue to build-out and maintain our networks. We estimate that we will spend approximately Won 1.6 trillion for capital expenditures in 2005 for a range of projects, including expansion and improvement of our wireless networks, investments in our Internet-



## **Table of Contents**

related businesses and expansion of our W-CDMA network. We currently plan to invest Won 600 billion on expansion of our W-CDMA network in 2005. For a more detailed discussion of our capital expenditure plans and a discussion of other factors which may affect our future capital expenditures, see Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources. At December 31, 2004, we had approximately Won 500.0 billion in contractual payment obligations due in 2005 of which almost all involve repayment of debt obligations. See Management's Discussion and Analysis of Financial Condition and Results of Operations Contractual Obligation and Commitments.

We have not arranged firm financing for all of our current or future capital expenditure plans and contractual payment obligations. We have in the past obtained funds for our proposed capital expenditure and payment obligations from various sources, including our cash flow from operations as well as from financings, primarily debt and equity financings. Although we believe that we have sufficient capital resources from operations and financings to meet our capital expenditure requirements and debt payment obligations in the near term, inability to fund such capital expenditure requirements may have a material adverse effect on our financial condition, results of operations and business. In addition, although we currently anticipate that the capital expenditure levels estimated by us will be adequate to meet our business needs, such estimates may need to be adjusted based on developments in technology and markets. No assurance can be given that we will be able to meet any such increased expenditure requirements or obtain adequate financing for such requirements, on terms acceptable to us, or at all.

### **Termination or Impairment of Our Relationship with a Small Number of Key Suppliers for Network Equipment and for Lease Lines Could Adversely Affect Our Results of Operations.**

We purchase wireless network equipment from a small number of suppliers. We purchase our principal wireless network equipment from Samsung Electronics Co., Ltd. and LG Electronics Inc. To date, we have purchased substantially all of the equipment for our CDMA 1xRTT and CDMA 1xEV/DO networks from Samsung Electronics. Samsung Electronics also currently manufactures more than 40% of the wireless handsets sold to our subscribers. Although other manufacturers sell the equipment we require, sourcing such equipment from other manufacturers could result in delays and additional costs in our roll-out or expansion of the CDMA 1xRTT and CDMA 1xEV/DO networks. With respect to the introduction of 3G services, various wireless telecommunications service providers globally have had difficulty in obtaining adequate quantities of various types of 3G equipment, including handsets, from suppliers. Inability to obtain the needed equipment for our networks in a timely manner may have an adverse effect on our business, financial condition and results of operations.

In addition, we rely on KT Corporation and SK Networks to provide a substantial majority of our leased lines used for our wireless services. In 2004, KT Corporation and SK Networks provided approximately 21% and 65%, respectively, of our leased lines. We cannot assure you that we will be able to continue to obtain the necessary equipment from one or more of our suppliers. Any discontinuation or interruption in the availability of equipment from our suppliers for any reason could have an adverse effect on our results of operations. Inability to lease adequate lines, at commercially reasonable rates may impact the quality of the services we offer and may result in damaging our reputation and our business.

### **Our Businesses are Subject to Extensive Government Regulation and Any Change in Government Policy Relating to the Telecommunications Industry Could Have a Material Adverse Effect on Our Results of Operations and Financial Condition.**

All of our businesses are subject to extensive government supervision and regulation. The MIC has periodically reviewed the tariffs charged by wireless operators and has from time to time, suggested tariff reductions. Although these suggestions are not binding, we have in the past implemented some level of tariff reductions in response to these suggestions. After discussions with the MIC, effective January 1, 2003, we reduced our standard rate plan's monthly access fee by Won 1,000, increased our free air time from 7 minutes to





---

**Table of Contents**

10 minutes per month and reduced our peak usage charges from Won 21 to Won 20 per minute. After discussions with the MIC, in October 2003, we reduced our monthly charges for caller ID service from Won 2,000 to Won 1,000. In addition, after discussions with the MIC, effective September 1, 2004, we reduced our monthly basic charge by 7.1% from Won 14,000 to Won 13,000.

The Korean government plays an active role in the selection of technology to be used by telecommunications operators in Korea. The MIC has adopted the W-CDMA and CDMA2000 technologies as the only standards available in Korea for implementing 3G services. The MIC may impose similar restrictions on the choice of technology used in future telecommunications services and we can give no assurance that the technologies promoted by the Government will provide the best commercial returns for us.

Our wireless telecommunications services depend, in part, on our interconnection arrangements with domestic and international fixed-line and other wireless networks. Charges for interconnection affect our revenues and operating results. The MIC determines the basic framework for interconnection arrangements, including interconnection policies relating to interconnection rates in Korea and has changed this framework several times in the past. We cannot assure you that we will not be adversely affected by future changes in the MIC's interconnection policies. See [Business Interconnection Domestic Calls](#) .

In January 2003, the MIC announced its plan to implement number portability with respect to wireless telecommunications service in Korea. The number portability system allows wireless subscribers to switch wireless service operators while retaining the same mobile phone number. In accordance with the plan published by the MIC, the number portability system was adopted by SK Telecom first, starting from January 1, 2004. KTF and LGT were required to introduce number portability starting from July 1, 2004 and January 1, 2005, respectively. In addition, in order to manage the availability of phone numbers efficiently and to secure phone number resources for the new services, the MIC has required all new subscribers to be given numbers with the 010 prefix starting January 2004, and it has been gradually retracting the mobile service identification numbers which had been unique to each wireless telecommunications service provider, including 011 for our cellular services.

We believe that the use of the common prefix identification system may pose a greater risk to us compared to the other wireless telecommunications providers because 011 has a very high brand recognition in Korea as the premium wireless telecommunications service. The MIC's adoption of the number portability system could also result in a deterioration of our market share as a result of weakened customer loyalty, increased competition among wireless service providers and higher costs of marketing as a result of maintaining the number portability system, increased subscriber deactivations, increased churn rate and higher marketing costs, all of which had, and may continue to have, an adverse effect on our results of operations. See [Management's Discussion and Analysis of Financial Condition and Results of Operations](#) . See [Business Law and Regulation Number Portability](#) .

In December 2002, the MIC implemented a wireless Internet network co-share system that permits the wireless application protocol gateway, or WAP gateway, of a fixed-line operator to connect to a wireless network service provider's IWF (inter-working function) device. IWF is a device that connects cellular network with an IP (Internet Protocol) network while WAP Gateway converts hypertext transfer protocol, or HTTP protocol, into WAP protocol. This co-share system would allow subscribers of a wireless network service provider to have access to wireless Internet content provided by a fixed-line operator. In December 2002, KT Corporation connected to our IWF but has not yet commenced service. In July 2003, the MIC approved the basic terms regarding the implementation of a network co-system. In January 2004, we entered into a memorandum of understanding with Onse to establish a co-share system, and launched these services in June 2005. Currently, our subscribers can access portals provided by outside parties. In addition, the MIC has requested that a third party oversee wireless operators' customer billing procedures with respect to third-party content providers who are seeking to provide their content directly to subscribers without going through an individual operator's portal, as third-party content providers have experienced difficulties in the past in providing their content service directly

---

**Table of Contents**

to subscribers due to the lack of resources for billing users. We believe that such a co-share system, if widely adopted, will have the effect of giving our users access to a wide variety of content using their handsets which may in turn increase revenues attributable to our data services. However, this system could also place significant competitive pressure on the revenues and profits attributable to our NATE wireless portal.

**We are Subject to Additional Regulation as a Result of Our Market Position, Which Could Harm Our Ability to Compete Effectively.**

The MIC's policy is to promote competition in the Korean telecommunications markets through measures designed to prevent the dominant service provider in a telecommunications market from exercising its market power to prevent the emergence and development of viable competitors. We are currently designated by the MIC as a market dominant service provider in respect of our wireless telecommunications business. As such, we are subject to additional regulation to which our competitors are not subject. For example, under current government regulations, we must obtain prior approval from the MIC to change our existing rates or introduce new rates while our competitors may generally change their rates or introduce new rates at their discretion. See Business Law and Regulation Rate Regulation. As of June 30, 2005, our standard peak usage charge rate was approximately 11.1% higher than those charged by our competitors. We could also be required by the MIC to charge higher usage rates than our competitors for future services. In addition, we were required to introduce number portability earlier than our competitors, KTF and LGT.

In addition, when the MIC approved the merger of Shinsegi into us in January 2002, the MIC imposed certain conditions on us. The MIC periodically reviews our compliance with the conditions related to our merger with Shinsegi. On May 25, 2004, a policy advisory committee to the MIC announced the results of its review and stated that the committee believed that our market dominance may significantly restrict competition in the telecommunications market and that we have violated the conditions related to our merger with Shinsegi by providing subsidies to handset buyers. In June 2004, the MIC imposed a Won 11.9 billion fine on us and extended the post-merger monitoring period until January 2007 pursuant to the policy advisory committee's recommendation. On May 25, 2004, we voluntarily undertook to limit our market share through the end of 2005 to 52.3% of the wireless telecommunications market, the level of our market share at the time of the approval of our merger with Shinsegi in January 2002. Furthermore, on July 7, 2005, we announced our intention to continue such undertaking through the end of 2007. We can give no assurance that the MIC will not take action that may have a material adverse effect on our business, operations and financial condition. See Risk Factors Our businesses are subject to extensive Government regulation and any change in Government policy relating to the telecommunications industry could have a material adverse effect on our results of operations and financial condition.

In addition, we qualify as a market-dominating business entity under the Fair Trade Act. The Fair Trade Commission of Korea, or the FTC, approved our acquisition of Shinsegi on various conditions, one of which was that SK Telecom's and Shinsegi's combined market share of the wireless telecommunications market, based on numbers of subscribers, be less than 50.0% as of June 30, 2001. In order to satisfy this condition, we reduced the level of our subscriber activations and adopted more stringent involuntary subscriber deactivation policies beginning in 2000 and ceased accepting new subscribers from April 1, 2001 through June 30, 2001. We complied with this requirement by reducing our market share to approximately 49.7% as of June 30, 2001. We are not currently subject to any market share limitations; however, on May 25, 2004, we voluntarily undertook to limit our market share through the end of 2005 to 52.3% of the wireless telecommunications market, the level of our market share at the time of the approval of our merger with Shinsegi in January 2002. We can give no assurances that the Government will not impose restrictions on our market share in the future or that we will not undertake to voluntarily restrict our market share in the future. If we are subject to market share limitations in the future, our ability to compete effectively will be impeded. The FTC, also as a condition to the Shinsegi acquisition, imposed a maximum limit of 1,200,000 on the number of digital handsets we may purchase annually from our former subsidiary, SK Teletech Co., Ltd., until December 31, 2005. The limitation on the number of handsets we may purchase annually from SK Teletech does not apply to W-CDMA handsets.

---

**Table of Contents**

The additional regulation to which we are subject has affected our competitiveness in the past and may hurt our profitability and impede our ability to compete effectively against our competitors in the future.

**Financial Difficulties and Charges of Financial Statement Irregularities at Our Affiliate, SK Networks (Formerly SK Global), May Cause Disruptions in Our Business.**

Charges of financial statement irregularities by certain directors and executives at SK Networks have culminated in the resignation of four of our board members and executives, although none of these resignations were related to any allegations of wrongdoing in connection with their role in our business. SK Telecom was not implicated in any of the charges against SK Networks' management. Furthermore, continuing financial difficulties at SK Networks could result in our having to look for alternative sources for handset distribution and fixed network line needs. In February 2004, Mr. Kil Seung Son and Mr. Tae Won Chey, who both received prison terms of three years in the court of first instance and appealed to the Seoul High Court in connection with allegations of financial misconduct at SK Networks, resigned from our board of directors, along with Mr. Moon Soo Pyo, our president and Mr. Jae Won Chey, our executive vice president. On June 11, 2005, Mr. Kil Seung Son and Mr. Tae Won Chey each received a sentence of imprisonment of three years and probation of five years (while the sentence was suspended) by an appellate trial in the Seoul High Court. On June 15, 2005 both Mr. Son and Mr. Chey filed an appeal to the Supreme Court of Korea against the judgment of the appellate court. The case is now pending at the Supreme Court. See Management Directors and Senior Management Involvement in Certain Legal Proceedings .

The financial future of SK Networks remains uncertain. In March 2003, the principal creditor banks of SK Networks commenced corporate restructuring procedures against SK Networks after the company announced that its financial statements understated its total debt by Won 1.1 trillion and overstated its profits by Won 1.5 trillion. These banks agreed to a temporary rollover of approximately Won 6.6 trillion of SK Networks' debt until June 18, 2003 and subsequently decided to put SK Networks into corporate restructuring. In October 2003, SK Networks' foreign and domestic creditors agreed to a restructuring plan which, among other things, allowed the foreign creditors to have their debts repaid at a buyout rate of 43% of the face value of the outstanding debt owed to them. In November 2003, SK Networks underwent a capital reduction and sold approximately Won 1 trillion of its assets as part of its restructuring plan, and SK Corporation approved a Won 850 billion debt-for-equity swap. SK Networks is still under the joint management of its domestic creditors in accordance with its business normalization plan.

SK Networks is the exclusive distributor of all of the handsets sold by our former subsidiary, SK Teletech, to our nationwide network of dealers. SK Networks also serves as a distributor of handsets manufactured by third parties to our nationwide network of dealers. Samsung Electronics Co. Ltd., LG Electronics Inc., Motorola Korea, Inc. and Pantech & Curitel suspended their supply of handsets to SK Networks from the beginning of April 2003 for two to three weeks because of the credit risk of SK Networks. In May 2003, all suppliers resumed their supply of handsets on the condition that payment on their mobile phones be made in cash within one week of delivery. Although we believe that we will be able to find another distributor to replace SK Networks, in the event SK Networks is no longer able to distribute handsets, we may encounter difficulties in efficiently distributing the handsets to our subscribers and other customers in the short term.

In addition, in 2004, we leased approximately 65% of our fixed network lines, which connect our various cell sites and switching stations, from SK Networks. If there is a material disruption of SK Networks' ability to maintain and operate this business due to its financial difficulties, we may need to seek alternative sources. Although we do not believe that this will have a materially adverse effect on our business, this may result in a disruption of our services in the short term.

---

**Table of Contents**

**Concerns that Radio Frequency Emissions May Be Linked to Various Health Concerns Could Adversely Affect Our Business and We Could be Subject to Litigation Relating to These Health Concerns.**

In the past, allegations that serious health risks may result from the use of wireless telecommunications devices or other transmission equipment have adversely affected share prices of some wireless telecommunications companies in the United States. We cannot assure you that these health concerns will not adversely affect our business. Several class action and personal injury lawsuits have been filed in the United States against several wireless phone manufacturers and carriers, asserting product liability, breach of warranty and other claims relating to radio transmissions to and from wireless phones. Certain of these lawsuits have been dismissed. We could be subject to liability or incur significant costs defending lawsuits brought by our subscribers or other parties who claim to have been harmed by or as a result of our services. In addition, the actual or perceived risk of wireless telecommunications devices could have an adverse effect on us by reducing our number of subscribers or our usage per subscriber.

**Our Businesses May Be Adversely Affected by Developments Affecting the Korean Economy.**

We generate substantially all of our revenue from operations in Korea. Our future performance will depend in large part on Korea's future economic growth. Adverse developments in Korea's economy or in political or social conditions in Korea may have an adverse effect on our number of subscribers, call volumes and results of operations, which could have an adverse effect on our business.

In 1997 and 1998, Korea experienced a significant increase in the number and size of companies filing for corporate reorganization and protection from their creditors. As a result of these corporate failures, high levels of short-term foreign currency borrowings from foreign financial institutions and the consideration of non-market oriented factors in making lending decisions, Korea's financial institutions experienced a sharp increase in non-performing loans and a deterioration in their capital adequacy ratios. These developments led to a substantial increase in the number of unemployed workers, reducing the purchasing power of consumers in Korea. These developments also led international credit rating agencies to downgrade the credit ratings of Korea and various companies and financial institutions in Korea to below investment grade, although S&P and Moody's raised the credit rating of Korea back to investment grade levels in early 1999. The current long-term foreign currency rating of Korea by S&P is A- and the current foreign currency rating on bond obligations of Korea by Moody's is A3. Prompted by heightened security concerns stemming from nuclear weapons program of Democratic People's Republic of Korea, or North Korea, Moody's had lowered the outlook on the long-term ratings of Korea from positive to negative in February 2003 before raising it to stable in June 2004 in response to a series of six party talks involving Korea, the United States, North Korea, China, Japan and Russia that suggested lessened tension over the nuclear weapons program of North Korea.

Although the Korean economy began to experience a recovery in 1999, the pace of the recovery has since slowed and has been volatile. The economic indicators in 2001, 2002, 2003 and 2004 have shown mixed signs of recovery and uncertainty, and future recovery or growth of the economy is subject to many factors beyond our control. Events related to terrorist attacks in the United States that took place on September 11, 2001, recent developments in the Middle East, including the war in Iraq, higher oil prices and the general weakness of the global economy have increased the uncertainty of world economic prospects in general and continue to have an adverse effect on the Korean economy. Any future deterioration of the Korean economy would adversely affect our financial condition and results of operations. Developments that could hurt Korea's economy in the future include:

financial problems relating to Korean conglomerates, or *chaebols*, or their suppliers, and their potential adverse impact on Korea's financial sector, including as a result of recent investigations relating to unlawful political contributions by chaebols;

**Table of Contents**

failure of restructuring of large troubled companies, including LG Card and other troubled credit card companies and financial institutions;

adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including depreciation of the Dollar or Yen), interest rates and stock markets;

increased reliance on exports to service foreign currency debts, which could cause friction with Korea's trading partners;

adverse developments in the economies of countries such as the United States, China and Japan to which Korea exports, or in emerging market economies in Asia or elsewhere that could result in a loss of confidence in the Korean economy;

the continued emergence of China, to the extent its benefits (such as increased exports to China) are outweighed by its costs (such as competition in export markets or for foreign investment and the relocation of the manufacturing base from Korea to China);

social and labor unrest or declining consumer confidence or spending resulting from lay-offs, increasing unemployment and lower levels of income;

another widespread outbreak of severe acute respiratory syndrome, or SARS, or any similar contagion, in Asia and other parts of the world;

a decrease in tax revenues and a substantial increase in the Korean government's expenditures for unemployment compensation and other social programs that, together, lead to an increased government budget deficit;

political uncertainty or increasing strife among or within political parties in Korea; and

a deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including such deterioration resulting from trade disputes or disagreements in foreign policy.

Any developments that could adversely affect Korea's economic recovery will likely also decrease demand for our services and adversely affect our financial condition and results of operations.

**Depreciation of the Value of the Won Against the Dollar and Other Major Foreign Currencies May Have a Material Adverse Effect on Our Results of Operations and on the Prices of Our Common Stock and the ADSs.**

Substantially all of our revenues are denominated in Won. Depreciation of the Won may materially affect our results of operations because, among other things, it causes:

an increase in the amount of Won required by us to make interest and principal payments on our foreign currency-denominated debt, which accounted for approximately 18.7% of our total consolidated long-term debt, including current portion, as of

Edgar Filing: SK TELECOM CO LTD - Form F-3/A

December 31, 2004; and

an increase, in Won terms, of the costs of equipment that we purchase from overseas sources which we pay for in Dollars or other foreign currencies.

Fluctuations in the exchange rate between the Won and the Dollar will affect the Dollar equivalent of the Won price of the shares of our common stock on the KRX Stock Market. These fluctuations also will affect the amounts a registered holder or beneficial owner of ADSs will receive from the ADR depositary in respect of:

dividends, which will be paid in Won to the ADR depositary and converted by the ADR depositary into Dollars;

the Dollar value of the proceeds that a holder will receive upon sale in Korea of the shares; and

---

**Table of Contents**

the secondary market price of the ADSs.

For historical exchange rate information, see Exchange Rates .

**Increased Tensions with North Korea Could Have an Adverse Effect on Us and the Prices of Our Common Stock and the ADSs.**

Relations between Korea and North Korea have been tense over most of Korea's history. The level of tension between Korea and North Korea has fluctuated and may increase or change abruptly as a result of current and future events, including ongoing contacts at the highest levels of the governments of Korea and North Korea and increasing hostility between North Korea and the United States. In December 2002, North Korea removed the seals and surveillance equipment from its Yongbyon nuclear power plant and evicted inspectors from the United Nations International Atomic Energy Agency, and has reportedly resumed activity at its Yongbyon power plant. In January 2003, North Korea announced its intention to withdraw from the Nuclear Non-Proliferation Treaty, demanding that the United States sign a non-aggression pact as a condition to North Korea dismantling its nuclear program. In August 2003, representatives of Korea, the United States, North Korea, China, Japan and Russia held multilateral talks in an effort to resolve issues relating to the nuclear weapons program of North Korea. While the talks concluded without resolution, participants in the August meeting indicated that further negotiations may take place in the future and, in February 2004, six party talks resumed in Beijing, China. Since the last six party talks in June 2004, however, the talks involving the six countries aimed at dismantling the North Korea's nuclear programs have been stalled. In February 2005, North Korea claimed that it had nuclear weapons and was pulling out of the six party talks. Any further increase in tensions, resulting for example from a break-down in contacts, test of long-range nuclear missiles coupled with continuing nuclear programs by North Korea or an outbreak in military hostilities, could hurt our business, results of operations and financial condition and could lead to a decline in the market value of our common stock and the ADSs.

**If SK Corporation Causes Us to Breach the Foreign Ownership Limitations on Shares of Our Common Stock, We May Experience a Change of Control.**

There is currently a 49% limit on the aggregate foreign ownership of our issued shares. Under a newly adopted amendment to the Telecommunications Business Law, which became effective on May 9, 2004, a Korean entity, such as SK Corporation, is deemed to be a foreign entity if its largest shareholder (determined by aggregating the shareholdings of such shareholder and its related parties) is a foreigner and such shareholder (together with the shareholdings of its related parties) holds 15% or more of the issued voting stock of the Korean entity. As of December 31, 2004, SK Corporation owned 17,663,127 shares of our common stock, or approximately 21.47%, of our issued shares. If SK Corporation were considered a foreign shareholder of SK Telecom, then its shareholding in SK Telecom would be included in the calculation of the aggregate foreign shareholding of SK Telecom and the aggregate foreign shareholding in SK Telecom (based on our foreign ownership level as of December 31, 2004, which we believe was 48.33%) would exceed the 49% ceiling on foreign shareholding. As of December 31, 2004, a foreign investment fund and its related parties collectively held a 14.85% stake in SK Corporation, but as of July 22, 2005, the foreign investment fund and its related parties had sold all or substantially all of its stake in SK Corporation. However, we could breach the foreign ownership limitations if the number of shares of our common stock or ADSs owned by other foreign persons significantly increases.

If the aggregate foreign shareholding limit in SK Telecom is exceeded, the MIC may issue a corrective order to SK Telecom, the breaching shareholder (including SK Corporation if the breach is caused by an increase in foreign ownership of SK Corporation) and any foreign investment fund and its related parties who may own in the aggregate 15% or more of SK Corporation. Furthermore, if SK Corporation is considered a foreign shareholder, it may not exercise its voting rights with respect to the shares held in excess of the 49% ceiling, which may result in a change in control of us. In addition, the MIC may refuse to grant us licenses or permits necessary for entering into new telecommunications businesses until the aggregate foreign shareholding of SK





---

**Table of Contents**

Telecom is reduced to below 49%. If a corrective order is issued to us by the MIC arising from the violation of the foregoing foreign ownership limit, and we do not comply within the prescribed period under such corrective order, the MIC may (1) suspend all or part of our business, or (2) if the suspension of business is deemed to result in significant inconvenience to our customers or be detrimental to the public interest, impose a one-time administrative penalty of up to 3% of our sales revenues. The amendment to the Telecommunications Business Law in May 2004 also authorizes the MIC to assess monetary penalties of up to 0.3% of the purchase price of the shares for each day the corrective order is not complied with, as well as a prison term of up to one year and a penalty of Won 50 million. For a description of further actions that the MIC could take, see Business Law and Regulation Foreign Ownership and Investment Restrictions and Requirements .

**If Our Convertible Notes are Converted by Foreign Holders and the Conversion Would Cause a Violation of the Foreign Ownership Restrictions of the Telecommunications Business Law, or in Certain Other Circumstances, We May Have to Sell Common Stock in Order to Settle the Converting Holders' Conversion Rights in Cash Rather Than by Issuing Common Stock to Them, and These Sales Might Adversely Affect the Market Price of Our Common Stock or ADRs.**

In May 2004, we sold US\$329.5 million in zero coupon convertible notes due 2009. These convertible notes are convertible by the holders into shares of our common stock at the rate of Won 226,566 per share as of July 22, 2005. These notes are held principally by foreign holders. If (1) the exercise by the holder of the conversion right would be prohibited by Korean law or we reasonably conclude that the delivery of common stock upon conversion of these notes would result in a violation of applicable Korean law or (2) we do not have a sufficient number of shares of our common stock to satisfy the conversion right, then we will pay a converting holder a cash settlement payment. In such situations, we intend to sell such number of treasury shares held in trust for us that corresponds to the number of shares of common stock that would have been deliverable in the absence of the 49% foreign shareholding restrictions imposed by the Telecommunications Law or other legal restrictions. The number of shares sold in these circumstances might be substantial. We cannot assure you that such sales would not adversely affect the market prices of our common stock or ADSs.

**Sales of SK Telecom Shares by Companies in the SK Group, POSCO and/or Other Large Shareholders May Adversely Affect the Prices of SK Telecom's Common Stock and the ADSs.**

Sales of substantial amounts of shares of our common stock, or the perception that such sales may occur, could adversely affect the prevailing market price of the shares of our common stock or the ADSs or our ability to raise capital through an offering of our common stock.

As of December 31, 2004, POSCO owned 4.98% of our issued common stock. POSCO has not agreed to any restrictions on its ability to dispose of our shares. See Share Ownership . Companies in the SK Group, which collectively owned 24.03% of our issued common stock as of December 31, 2004, may sell their shares of our common stock in order to comply with the Fair Trade Act's limits on the total investments that companies in a large business group, such as the SK Group, may hold in other domestic companies. See Business Law and Regulation Competition Regulation . In addition, each of SK Corporation, which owned 21.47%, and SK Networks, which owned 2.55%, of our shares as of December 31, 2004, has agreed, during the period beginning from the date of this prospectus and continuing to and including 150 days and 90 days, respectively, after such date, except as provided hereunder, not to offer, sell, contract to sell, pledge, transfer or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our capital stock or securities that are convertible into or exchangeable or exercisable for any shares of our capital stock, without, in each case, the prior written consent of the Joint Bookrunners, subject to certain exceptions. See Underwriting . If SK Corporation or SK Networks sells substantial amounts of our common stock in the public market following the expiration of the aforementioned lock-up periods, or if there is a perception that these sales may occur, the market price of our common stock and the ADSs may be depressed and the value of your investment could substantially decrease. We can make no prediction as to the timing or amount of any sales of our common stock. We cannot assure you that future sales of shares of our common stock,



---

**Table of Contents**

or the availability of shares of our common stock for future sale, will not adversely affect the market prices of the shares of our common stock or ADSs prevailing from time to time.

**Korea's New Legislation Allowing Class Action Suits Related to Securities Transactions May Expose Us to Additional Litigation Risk.**

A new law enacted on January 12, 2004 allows class action suits to be brought by shareholders of companies (including us) listed on the KRX Stock Market for losses incurred in connection with purchases and sales of securities and other securities transactions arising from (i) false or inaccurate statements provided in the registration statements, prospectuses, business reports and audit reports; (ii) insider trading and (iii) market manipulation. This law became effective starting from January 1, 2005 with respect to companies whose total assets are equal to or greater than Won 2.0 trillion as of the end of the fiscal year immediately preceding January 1, 2005. However, in the event that certain elements of a financial statement for the fiscal year ended before January 1, 2005, were not in compliance with the then effective accounting standards, this law does not apply, if such non-compliance is cured or addressed in the financial statements for the fiscal year ending on December 31, 2006, and such corrected information is submitted to the Financial Supervisory Commission or the Korea Exchange Inc., or the KRX, or made publicly available. This law permits 50 or more shareholders who collectively hold 0.01% of the shares of a company to bring a class action suit against, among others, the issuer and its directors and officers. It is uncertain how the courts will apply this law. Litigation can be time-consuming and expensive to resolve, and can divert management time and attention from the operation of a business. We are not aware of any basis under which such suit may be brought against us, nor are any such suits pending or threatened. Any such litigation brought against us could have a material adverse effect on our business, financial condition and results of operations.

**If an Investor Surrenders His ADSs to Withdraw the Underlying Shares, He May Not Be Allowed to Deposit the Shares Again to Obtain ADSs.**

Under the deposit agreement, holders of shares of our common stock may deposit those shares with the ADR depository's custodian in Korea and obtain ADSs, and holders of ADSs may surrender ADSs to the ADR depository and receive shares of our common stock. However, under the terms of the deposit agreement, as amended, the depository bank is required to obtain our prior consent to any such deposit if, after giving effect to such deposit, the total number of shares of our common stock on deposit, which was 22,514,442 shares as of April 30, 2005, exceeds a specified maximum, subject to adjustment under certain circumstances. In addition, the depository bank or the custodian may not accept deposits of our common shares for issuance of ADSs under certain circumstances, including (1) if it has been determined by us that we should block the deposit to prevent a violation of applicable Korean laws and regulations or our articles of incorporation or (2) if a person intending to make a deposit has been identified as a holder of at least 3% of our common stock on October 7, 2002. See Description of American Depositary Shares. It is possible that we may not give the consent. Consequently, an investor who has surrendered his ADSs and withdrawn the underlying shares may not be allowed to deposit the shares again to obtain ADSs.

**An Investor in Our ADSs May Not be Able to Exercise Preemptive Rights for Additional Shares and May Suffer Dilution of His Equity Interest in Us.**

The Korean Commercial Code and our articles of incorporation require us, with some exceptions, to offer shareholders the right to subscribe for new shares in proportion to their existing ownership percentage whenever new shares are issued. If we offer any rights to subscribe for additional shares of our common stock or any rights of any other nature, the ADR depository, after consultation with us, may make the rights available to an ADS holder or use reasonable efforts to dispose of the rights on behalf of the ADS holder and make the net proceeds available to the ADS holder. The ADR depository, however, is not required to make available to an ADS holder any rights to purchase any additional shares unless it deems that doing so is lawful and feasible and:

Edgar Filing: SK TELECOM CO LTD - Form F-3/A

a registration statement filed by us under the U.S. Securities Act of 1933, as amended, is in effect with respect to those shares; or

## **Table of Contents**

the offering and sale of those shares is exempt from, or is not subject to, the registration requirements of the U.S. Securities Act.

We are under no obligation to file any registration statement with respect to any ADSs. If a registration statement is required for an ADS holder to exercise preemptive rights but is not filed by us, the ADS holder will not be able to exercise his preemptive rights for additional shares. As a result, ADS holders may suffer dilution of their equity interest in us.

### **Short Selling of Our ADSs by Purchasers of Securities Convertible or Exchangeable Into Our ADSs Could Materially Adversely Affect the Market Price of Our ADSs.**

SK Corporation, through one or more special purpose vehicles, has engaged and may in the future engage in monetization transactions relating to its ownership interest in us. These transactions have included and may include offerings of securities that are convertible or exchangeable into our ADSs. Many investors in convertible or exchangeable securities seek to hedge their exposure in the underlying equity securities at the time of acquisition of the convertible or exchangeable securities, often through short selling of the underlying equity securities or through similar transactions. Since a monetization transaction could involve debt securities linked to a significant number of our ADSs, we expect that a sufficient quantity of ADSs may not be immediately available for borrowing in the market to facilitate settlement of the likely volume of short selling activity that would accompany the commencement of a monetization transaction. This short selling and similar hedging activity could place significant downward pressure on the market price of our ADSs, thereby having a material adverse effect on the market value of ADSs owned by you.

### **After the Exchange of ADSs into the Underlying Common Shares of SK Telecom, Seller or Purchasers of the Underlying Common Shares May Have to Pay Securities Transaction Tax Upon the Transfer of the Shares.**

Under Korean tax law, transfer of a company's common shares after the exchange of ADSs into the underlying common shares of SK Telecom will be subject to securities transaction tax (including an agricultural and fishery special tax) at the rate of 0.3% of the sales price if traded on the KRX Stock Market.

Securities transaction tax, if applicable, generally must be paid by the transferor of the shares or the person transferring rights to subscribe to such shares. When the transfer is effected through a securities settlement company, such settlement company is generally required to withhold and pay the tax to the tax authority. When such transfer is made through a securities company, such securities company is required to withhold and pay the tax. In case the sale takes place outside the KRX Stock Market, without going through a securities settlement company or a securities company, between two non-residents or between a non-resident seller and a Korean resident purchaser, the purchaser will have to withhold securities transaction tax at the rate of 0.5% of the sales price of the common shares.

Failure to pay the securities transaction tax will result in a penalty of 10% of the tax due. The penalty is imposed on the party responsible for paying the securities transaction tax or, if the securities transaction tax is to be paid via withholding, the penalty is imposed on the party that has the withholding obligation. See [Taxation](#) [Korean Taxation](#) .

### **We are Generally Subject to Korean Corporate Governance and Disclosure Standards, Which May Differ From Those in Other Countries.**

## Edgar Filing: SK TELECOM CO LTD - Form F-3/A

Companies in Korea, including us, are subject to corporate governance standards applicable to Korean public companies, which may differ in some respects from standards applicable in other countries, including the United States. As a reporting company registered with the Securities and Exchange Commission and listed on the New York Stock Exchange, we are, and in the future will be, subject to certain corporate governance standards as

**Table of Contents**

mandated by the Sarbanes-Oxley Act of 2002. However, foreign private issuers, including us, are exempt from certain corporate governance requirements under the Sarbanes-Oxley Act or under the rules of the New York Stock Exchange. There may also be less publicly available information about Korean companies, such as us, than is regularly made available by public or non-public companies in other countries. Such differences in corporate governance standards and less public information could result in corporate governance practices or disclosures that are perceived as less than satisfactory by investors in certain countries.

**Table of Contents**

**USE OF PROCEEDS**

Momenta (Cayman), the selling shareholder, is selling all of the ADSs offered hereby. We will not receive any of the proceeds from the sale of these ADSs.



**Table of Contents****EXCHANGE RATES**

The following table sets forth, for the periods and dates indicated, certain information concerning the noon buying rate in The City of New York for cable transfers in Won per US\$1.00 as certified for customs purposes by the Federal Reserve Bank of New York. We make no representation that the Won or Dollar amounts we refer to in this prospectus could have been or could be converted into Dollars or Won, as the case may be, at any particular rate or at all.

<u>Year ended December 31,</u>	<u>At End</u> <u>of Period</u>	<u>Average</u> <u>Rate(1)</u>	<u>High</u>	<u>Low</u>
	<b>(Won per US\$1.00)</b>			
2000	(Won) 1,267	(Won) 1,140	(Won) 1,267	(Won) 1,106
2001	1,314	1,293	1,369	1,234
2002	1,186	1,242	1,332	1,161
2003	1,192	1,193	1,262	1,146
2004	1,035	1,139	1,195	1,035
2005 (through July 22, 2005)	1,019	1,018	1,058	997
January	1,027	1,038	1,058	1,024
February	1,001	1,023	1,044	1,001
March	1,015	1,008	1,024	998
April	997	1,010	1,019	997
May	1,005	1,002	1,009	997
June	1,035	1,012	1,035	1,003
July (through July 22, 2005)	1,019	1,040	1,054	1,019

- (1) The average rates for the annual periods were calculated based on the average noon buying rate on the last day of each month (or portion thereof) during the period. The average rate for the monthly periods were calculated based on the average noon buying rate of each day of the month (or portion thereof). On July 22, 2005, the noon buying rate was Won 1018.5 to US\$1.00.

**Table of Contents****MARKET PRICE INFORMATION**

The principal trading market for our common stock is the KRX Stock Market. As of July 22, 2005, 82,276,711 shares of our common stock were outstanding.

The ADSs are traded on the New York Stock Exchange and the London Stock Exchange. The ADSs have been issued by the ADR depository and are traded on the New York Stock Exchange under the symbol SKM. Each ADS represents one-ninth of one share of common stock. As of July 22, 2005, 202,629,978 ADSs representing 22,514,442 shares of our common stock were outstanding.

**Shares of Common Stock**

The following table sets forth the high, low and closing prices and the average daily trading volume of the shares of common stock on the KRX Stock Market since January 1, 2000:

Calendar Year	Prices(1)			Average Daily
	High(2)	Low(2)	Close	Trading Volume
	(Won per Share)			(Number of Shares)
2000	(Won) 481,000	(Won) 216,000	(Won) 253,000	262,660
2001	295,000	165,000	268,000	242,254
2002	299,000	209,500	229,000	261,482
2003	235,000	142,000	199,000	317,160
First Quarter	235,000	142,000	153,000	455,169
Second Quarter	210,000	157,500	204,000	298,346
Third Quarter	216,000	183,000	184,000	267,821
Fourth Quarter	212,500	185,000	199,000	247,332
2004	238,500	154,500	197,000	179,712
First Quarter	238,500	207,500	214,500	245,576
Second Quarter	213,000	179,000	190,000	188,095
Third Quarter	186,000	154,500	175,500	137,559
Fourth Quarter	205,000	174,500	197,000	151,903
2005 (through July 22)	200,500	163,500	187,000	162,992
First Quarter	200,500	171,000	171,000	202,857
January	200,500	179,000	179,000	175,817
February	184,000	176,500	181,000	266,888
March	184,500	171,000	171,000	179,188
Second Quarter	192,500	163,500	182,000	137,021
April	172,000	163,500	163,500	148,913
May	184,500	168,000	184,500	107,219
June	192,500	178,500	182,000	155,498
Third Quarter	187,500	178,500	187,000	114,138
July (through July 22)	187,500	178,500	187,000	114,138

Source: KRX Stock Market.

## Edgar Filing: SK TELECOM CO LTD - Form F-3/A

- (1) The prices give effect to the 10-for-1 stock split of our common shares which became effective on April 21, 2000 and resulted in the par value of each share being reduced from Won 5,000 to Won 500.
- (2) Both high and low prices are based on the daily closing prices for the period.

**Table of Contents****American Depositary Shares**

The following table sets forth the high, low and closing prices and the average daily trading volume of the ADSs on the New York Stock Exchange since January 1, 2000:

Calendar Year	Prices(1)			Average Daily
	High(2)	Low(2)	Close	Trading Volume
	(US\$ per ADS)			(Number of ADSs)
2000	US\$ 50.69	US\$ 20.56	US\$ 23.56	832,301
First Quarter	50.69	33.50	39.00	964,229
Second Quarter	43.31	28.25	36.31	781,578
Third Quarter	43.44	20.56	25.63	810,021
Fourth Quarter	28.19	21.31	23.56	773,376
2001	28.94	13.50	21.62	710,410
First Quarter	28.94	15.18	15.18	743,602
Second Quarter	21.05	13.50	16.90	817,532
Third Quarter	20.21	16.15	18.44	655,302
Fourth Quarter	25.29	18.36	21.62	623,611
2002	26.75	19.25	21.35	684,421
First Quarter	24.70	20.30	24.60	488,958
Second Quarter	26.75	20.20	24.79	555,073
Third Quarter	26.36	19.25	21.23	963,578
Fourth Quarter	22.81	19.30	21.35	717,859
2003	21.85	12.83	18.65	742,545
First Quarter	21.85	12.83	13.62	971,215
Second Quarter	19.40	14.07	18.86	720,865
Third Quarter	20.83	17.71	17.84	724,291
Fourth Quarter	19.90	17.46	18.65	564,188
2004	25.01	17.28	22.25	911,823
First Quarter	25.01	19.43	21.30	1,331,177
Second Quarter	21.83	19.15	20.99	832,175
Third Quarter	20.76	17.28	19.45	768,117
Fourth Quarter	23.10	19.30	22.25	727,683
2005 (through July 22)	22.19	18.96	20.65	698,817
First Quarter	22.19	19.41	19.72	798,390
January	22.19	19.96	19.96	767,815
February	21.30	19.74	21.30	931,705
March	21.62	19.41	19.72	711,050
Second Quarter	21.84	18.96	20.40	618,870
April	19.60	18.96	19.46	699,167
May	20.92	19.42	20.92	631,467
June	21.84	20.35	20.40	530,200
Third Quarter	20.87	20.06	20.65	634,993
July (through July 22)	20.87	20.06	20.65	634,993

Source: New York Stock Exchange.

- (1) The prices give effect to the 10-for-1 stock split of our common shares which became effective on April 21, 2000 and resulted in the par value of each share being reduced from Won 5,000 to Won 500.
- (2) Both high and low prices are based on the daily closing prices for the period.



**Table of Contents****DIVIDENDS**

Annual dividends, if any, on our outstanding shares must be approved at the annual general meeting of shareholders. This meeting is generally held in March of the following year, and the annual dividend is generally paid shortly after the meeting. Since our shareholders have discretion to declare annual dividends, we cannot give any assurance as to the amount of dividends per share or that any dividends will be declared at all. Interim dividends, if any, can be approved by a resolution of our board of directors. Once declared, dividends must be claimed within five years, after which the right to receive the dividends is extinguished.

We pay cash dividends to the ADR depository in Won. Under the terms of the deposit agreement, cash dividends received by the ADR depository generally are to be converted by the ADR depository into Dollars and distributed to the holders of the ADSs, less withholding tax, other governmental charges and the ADR depository's fees and expenses. The ADR depository's designated bank in Korea must approve this conversion and remittance of cash dividends. See [Korean Foreign Exchange Controls and Securities Regulations](#) and [Taxation - Korean Taxation](#).

The following table sets forth the dividend per share, the aggregate total amount of dividends, as well as the number of outstanding shares entitled to dividends to the shareholders of record on December 31 of the years indicated. The dividends set out for each of the years below were paid in the immediately following year.

<u>Year Ended December 31,</u>	<u>Dividend Per Share (In Won)(1)</u>	<u>Total Amount of Dividends (In billions of Won)</u>	<u>Number of Shares Entitled to Dividend</u>
1997	(Won) 90	(Won) 5.6	62,169,720
1998	118	7.6	64,258,670
1999	185	15.4	83,284,110
2000	540	48.1	89,079,034
2001	690	57.3	82,993,404
2002	1,800	151.7	84,299,698
2003	5,500	404.9	73,614,308
2004	10,300	758.2	73,614,296

- (1) Dividend per share and amount of shares entitled to dividend have been adjusted to give effect to the 10-for-1 stock split of our common shares which became effective on April 21, 2000.

We distribute dividends to our shareholders in proportion to the number of shares owned by each shareholder. The common shares represented by the ADSs have the same dividend rights as other outstanding common shares.

Holders of non-voting shares are entitled to receive dividends in priority to the holders of common shares. The dividend on the non-voting shares is between 9.0% and 25.0% of the par value as determined by the board of directors at the time of their issuance. If the dividends for common shares exceed the dividends for non-voting shares, the holders of non-voting shares will be entitled to participate in the distribution of such excess amount with the holders of common shares. If the amount available for dividends is less than the aggregate amount of the minimum required dividend, holders of non-voting shares will be entitled to receive such accumulated unpaid dividend from dividends payable in the next fiscal year before holders of common shares. There are no non-voting shares issued or outstanding.

Under the Korean Commercial Code, we may pay an annual dividend only out of the excess of our net assets, on a non-consolidated basis, over the sum of (1) our stated capital and (2) the total amount of our capital surplus reserve and legal reserve accumulated up to the end of the relevant dividend period. In addition, we may

**Table of Contents**

not pay an annual dividend unless we have set aside as a legal reserve an amount equal to at least 10% of the cash portion of the annual dividend or until we have accumulated a legal reserve of not less than one-half of our stated capital. As a KRX Stock Market-listed company, we are also required under the relevant laws and regulations to set aside in reserve a certain amount each fiscal year until our own capital ratio is at least 30%. We may not use our legal reserve to pay cash dividends but may transfer amounts from our legal reserve to capital stock or use our legal reserve to reduce an accumulated deficit.

In addition, the Korean Commercial Code and our articles of incorporation provide that, in addition to annual dividends, we may pay interim dividends once during each fiscal year. Unlike annual dividends, the decision to pay interim dividends can be made by a resolution of the board of directors and is not subject to shareholder approval. Any interim dividends must be paid in cash to the shareholders of record as of June 30 of the relevant fiscal year. In August 2004, we distributed such interim dividends at Won 1,000 per share to our shareholders for a total amount of Won 73.6 billion.

Under the Korean Securities and Exchange Act, the total amount of interim dividends payable in a fiscal year shall not be more than the net assets on the balance sheet of the immediately preceding fiscal year, after deducting (1) a company's capital in the immediately preceding fiscal year, (2) the aggregate amount of its capital reserves and legal reserves accumulated up to the immediately preceding fiscal year, (3) the amount of earnings for dividend payments confirmed at the general shareholders' meeting with respect to the immediately preceding fiscal year and (4) the amount of legal reserve that should be set aside for the current fiscal year following the interim dividend payment. Furthermore, the rate of interim dividends for non-voting shares must be the same as that for our common shares.

Our obligation to pay interim dividends expires if no claims to such dividends are made for a period of five years from the payment date.



**Table of Contents****CAPITALIZATION**

The following table sets forth our consolidated short-term debt and capitalization under Korean GAAP as of December 31, 2004. For additional information, see our consolidated financial statements and notes to consolidated financial statements contained in this prospectus.

	As of December 31, 2004			
	Actual		Actual	
	(In billions of Won)		(In millions of Dollars)	
<b>Short-term debt (including current portion of long-term debt):</b>				
Short-term borrowings				
Secured	(Won)		US\$	
Guaranteed				
Unsecured and unguaranteed		425.5		411.1
Current portion of long-term debt and other obligations Secured				
Guaranteed				
Unsecured and unguaranteed		498.3		481.4
Current portion of facility deposits		13.4		13.0
Total short-term debt	(Won)	937.2	US\$	905.5
<b>Long-term debt, excluding current portion:</b>				
Facility deposits	(Won)	31.4	US\$	30.4
Long-term borrowings and other obligations				
Secured				
Guaranteed				
Unsecured and unguaranteed(1)		2,891.8		2,793.8
Total long-term debt, excluding current portion	(Won)	2,923.2	US\$	2,824.2
<b>Stockholders equity:</b>				
Common stock, par value W500 per share:				
Authorized 220,000,000 shares				
Outstanding 73,614,296 shares	(Won)	44.6	US\$	43.1
Capital surplus		2,968.3		2,867.6
Retained earnings:				
Appropriated		4,733.9		4,573.3
Unappropriated		1,419.0		1,370.9
Capital adjustments:				
Treasury stock		(2,047.1)		(1,977.7)
Foreign-based operations translation credit		(8.0)		(7.7)
Stock options		4.8		4.7
Unrealized losses on valuation of investment securities		(93.0)		(89.8)
Equity in capital adjustments of affiliates		134.4		129.8
Loss on valuation of currency swap		(49.4)		(47.7)
Minority interest in equity of consolidated subsidiaries		98.2		94.9
Total stockholders equity	(Won)	7,205.7	US\$	6,961.4

<b>Total capitalization (total long-term debt, excluding current portion, and stockholders equity)</b>	(Won) 10,128.9	US\$ 9,785.6
--	----------------	--------------

- (1) In March 2005, we issued Won-denominated notes in the principal amount of Won 200.0 billion, with an interest rate of 4.0% due 2010. The proceeds of such notes were used to pay maturing debt.

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA**

You should read the selected consolidated financial and operating data below in conjunction with the consolidated financial statements and the related notes included elsewhere in this prospectus. The selected consolidated financial data for the five years ended December 31, 2004 are derived from our audited consolidated financial statements and related notes thereto. Information as of and for the years ended December 31, 2000 and 2001 includes information as of and for the nine months ended December 31, 2000 and the year ended December 31, 2001, respectively, for Shinsegi unless otherwise specified. Shinsegi was merged into SK Telecom in January 2002.

Our consolidated financial statements are prepared in accordance with Korean GAAP, which differ in certain respects from U.S. GAAP. For more detailed information you should refer to notes 30 and 31 of the notes to our audited consolidated financial statements included in this prospectus.

As of or for the Year Ended December 31,

	2000	2001	2002	2003	2004	2004*
(In billions of Won and millions of Dollars, except per share and percentage data)						
<b>INCOME STATEMENT DATA</b>						
<b>Korean GAAP:</b>						
Total Operating Revenue(1)	(Won) 7,423.1	(Won) 8,371.9	(Won) 9,324.0	(Won) 10,272.1	(Won) 10,570.6	US\$ 10,212.2
Cellular Service(1)	7,245.1	8,203.0	9,156.8	10,091.8	10,297.6	9,948.4
Paging Service(2)	57.7	8.8				
Other <sup>(3)</sup>	120.3	160.1	167.2	180.3	273.0	263.8
Operating Expenses	5,927.6	6,047.4	6,526.4	7,167.0	8,130.9	7,855.2
Operating Income	1,495.5	2,324.5	2,797.6	3,105.1	2,439.7	2,357.0
Income before Income Taxes and Minority Interest	1,287.8	1,976.7	2,218.8	2,754.3	2,123.2	2,051.2
Income before Minority Interest	920.5	1,126.4	1,520.3	1,965.3	1,493.4	1,442.8
Net Income	972.3	1,146.0	1,487.2	1,966.1	1,491.5	1,440.9
Income per Share of Common Stock(4)	11,146	13,242	17,647	26,187	20,261	19.57
Diluted Net Income per Share of Common Stock(4)	11,146	13,242	17,647	26,187	20,095	19.41
Dividends per Share of Common Stock(5)	540	690	1,800	5,500	10,300	9.95
Weighted Average Number of Shares	87,226,559	86,545,041	84,270,450	75,078,219	73,614,297	73,614,297
<b>U.S. GAAP:</b>						
Net Income	(Won) 895.4	(Won) 1,111.6	(Won) 1,301.1	(Won) 2,062.7	(Won) 1,553.1	US\$ 1,500.4
Income per Share of Common Stock(4)	10,265	12,844	15,440	27,475	21,097	20.38
Diluted Net Income per Share of Common Stock(4)	10,265	12,844	15,439	27,475	20,921	20.21
Dividends per Share of Common Stock(5)	540	690	1,800	5,500	10,300	9.95
Weighted Average Number of Shares	87,226,559	86,545,041	84,270,450	75,078,219	73,614,297	73,614,297

**Table of Contents**

As of or for the Year Ended December 31,

	2000	2001	2002	2003	2004	2004*
(In billions of Won and millions of Dollars, except per share and percentage data)						
<b>BALANCE SHEET DATA</b>						
<b>Korean GAAP:</b>						
Working Capital (Deficiency)(6)	(Won) (374.6)	(Won) 668.2	(Won) (189.7)	(Won) (461.4)	(Won) 1,323.8	US\$ 1,278.9
Fixed Assets Net	4,543.2	4,174.7	4,569.4	4,641.5	4,703.9	4,544.4
Total Assets	11,044.2	13,326.3	14,228.7	13,818.2	14,283.4	13,799.1
Long-term Liabilities(7)	1,727.2	3,498.4	3,693.4	3,193.5	4,010.7	3,874.7
Total Shareholders Equity	6,142.7	6,149.3	6,231.9	6,093.8	7,205.7	6,961.4
<b>U.S. GAAP:</b>						
Working Capital (Deficiency)	(332.5)	729.6	(108.2)	(445.5)	1,311.3	1,266.8
Total Assets	11,182.8	13,841.0	15,720.7	15,586.2	15,576.8	15,048.6
Total Shareholders Equity	6,117.9	5,820.1	6,356.2	7,014.7	8,237.0	7,957.7
<b>OTHER FINANCIAL DATA</b>						
<b>Korean GAAP:</b>						
EBITDA(8)	(Won) 2,941.7	(Won) 3,932.4	(Won) 3,954.1	(Won) 4,706.4	(Won) 4,085.8	US\$ 3,947.3
Capital Expenditures(9)	2,241.1	1,382.1	2,024.7	1,647.6	1,704.3	1,646.5
R&D Expenses(10)	117.1	153.7	253.3	300.7	336.1	324.7
Internal R&D	78.8	130.7	194.3	235.8	267.1	258.0
External R&D	38.3	23.0	59.0	64.9	69.0	66.7
Depreciation and Amortization	1,456.4	1,759.6	1,543.3	1,646.3	1,741.6	1,682.5
Cash Flow from Operating Activities	3,043.5	2,423.9	4,267.8	3,328.8	2,516.1	2,430.8
Cash Flow from Investing Activities	(4,667.8)	(1,972.8)	(3,063.4)	(1,414.4)	(1,469.5)	(1,419.7)
Cash Flow from Financing Activities	1,629.3	331.2	(1,418.2)	(2,261.0)	(968.6)	(935.8)
Margins (% of total sales):						
EBITDA Margin(8)	39.6%	47.0%	42.4%	45.8%	38.7%	38.7%
Operating Margin	20.1	27.8	30.0	30.2	23.1	23.1
Net Margin	13.1	13.7	15.9	19.1	14.1	14.1
<b>U.S. GAAP:</b>						
EBITDA(8)	2,930.5	3,859.1	3,620.7	4,679.1	3,970.4	3,835.8
Capital Expenditures(9)	2,241.1	1,382.1	2,024.7	1,647.6	1,704.3	1,646.5
Cash Flow from Operating Activities	3,043.5	2,423.8	3,708.9	3,281.3	2,985.9	2,884.7
Cash Flow from Investing Activities	(4,667.8)	(1,972.8)	(2,995.2)	(1,422.5)	(1,393.2)	(1,346.0)
Cash Flow from Financing Activities	1,629.3	331.2	(927.5)	(2,205.5)	(1,514.8)	(1,463.4)

As of or for the Year Ended December 31,

	2000	2001	2002	2003	2004
<b>SELECTED OPERATING DATA</b>					
Population of Korea (millions)(11)	47.0	47.4	47.6	47.9	48.2
Our Wireless Penetration(12)	30.7%	32.0%	36.1%	38.2%	39.0%
Number of Employees(13)	7,279	5,693	6,241	6,286	7,353
Total Sales per Employee (millions)	(Won) 1,019.8	(Won) 1,470.6	(Won) 1,494.0	(Won) 1,634.1	(Won) 1,437.6
Wireless Subscribers(14)	14,452,683	15,179,163	17,219,562	18,313,315	18,783,338
Average Monthly Outgoing Voice Minutes per Subscriber(15)	(Won) 148	(Won) 172	(Won) 191	(Won) 197	(Won) 194
	32,906	36,400	38,383	39,739	39,689

## Edgar Filing: SK TELECOM CO LTD - Form F-3/A

Average Monthly Revenue per

Subscriber(16)

Average Monthly Churn Rate(17)	2.8%	1.4%	1.4%	1.2%	1.7%
Digital Cell Sites(18)	7,008	6,056	7,384	8,309	9,458

\* The conversion into Dollars was made at the rate of Won 1,035.1 to US\$1.00. See note 2(a) of the notes to our consolidated financial statements.

- (1) Includes Won 494.0 billion for 2000, Won 702.4 billion for 2001, Won 534.0 billion for 2002, Won 612.0 billion for 2003 and Won 649.8 billion for 2004 from the sale of digital handsets by our former subsidiary, SK Teletech Co., Ltd., and Won 1,312.4 billion for 2000, Won 1,339.9 billion for 2001, Won 1,043.2 billion for 2002, Won 1,017.1 billion for 2003 and Won 849.4 billion for 2004 of interconnection revenue (including interconnection revenue in respect of calls between mobile users starting in 2000). Shinsegi was merged into us on January 13, 2002. See Business Interconnection .
- (2) In March 2001, we transferred our paging business to Real Telecom Co., Ltd. (formerly known as INTEC Telecom Co., Ltd.) in exchange for 9.9% of Real Telecom s newly issued shares and bonds with a principal amount of Won 9.5 billion that can be converted into an additional 7.8% interest in Real Telecom. Consequently, the results of the paging business are no longer included in our revenues after such date.

*(footnotes continued on following page)*

**Table of Contents**

- (3) For more information about our other revenue, see Management's Discussion and Analysis of Financial Condition and Results of Operations and Business.
- (4) Income per share of common stock is calculated by dividing net income by the weighted average number of shares outstanding during the period, giving effect to the 10-for-1 stock split of our common shares which became effective on April 21, 2000 and resulted in the par value of each share being reduced from Won 5,000 to Won 500.
- (5) Dividend per share of common stock has been adjusted to give effect to the 10-for-1 stock split of our common shares of common stock which became effective on April 21, 2000. On January 1, 2002, we adopted Statement of Korea Accounting Standards (SKAS) No. 6, Events Occurring after Balance Sheet Date. This statement requires that proposed cash dividends be reflected on the balance sheet when the appropriations are approved by shareholders which is similar to U.S. GAAP. In order to reflect this accounting change, our prior year's financial statements have been restated accordingly. See note 2(w) of the notes to our consolidated financial statements.
- (6) Working capital means current assets minus current liabilities.
- (7) Our monetary assets and liabilities denominated in foreign currencies are valued at the exchange rate of Won 1,260 to US\$1.00 as of December 31, 2000, Won 1,326 to US\$1.00 as of December 31, 2001, Won 1,200 to US\$1.00 as of December 31, 2002, Won 1,198 to US\$1.00 as of December 31, 2003 and Won 1,044 to US\$1.00 as of December 31, 2004, the rates of exchange permitted under Korean GAAP as of those dates. See note 2(s) of the notes to our consolidated financial statements.
- (8) EBITDA refers to income before interest income, interest expense, taxes, depreciation and amortization. EBITDA is commonly used in the telecommunications industry to analyze companies on the basis of operating performance, leverage and liquidity. Since the telecommunications business is a very capital intensive business, capital expenditures and level of debt and interest expenses may have a significant impact on net income for companies with similar operating results. Therefore, for a telecommunications company such as ourselves, we believe that EBITDA provides a useful reflection of our operating results. We use EBITDA as a measurement of operating performance because it assists us in comparing our performance on a consistent basis as it removes from our operating results the impact of our capital structure, which includes interest expense from our outstanding debt, and our asset base, which includes depreciation and amortization of our property and equipment. However, EBITDA should not be construed as an alternative to operating income or any other measure of performance determined in accordance with Korean GAAP or U.S. GAAP or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities. Other companies may define EBITDA differently than we do. EBITDA under U.S. GAAP is computed using interest income, interest expense, depreciation, amortization and income taxes under U.S. GAAP which may differ from Korean GAAP for these items.
- (9) Consists of investments in property, plant and equipment.
- (10) Includes donations to Korean research institutes and educational organizations. See Management's Discussion and Analysis of Financial Condition and Results of Operations Research and Development.
- (11) Population estimates based on historical data published by the National Statistical Office of Korea.
- (12) Wireless penetration is determined by dividing subscribers by total estimated population, as of the end of the period.
- (13) Includes regular employees and temporary employees. See Employees. Includes 1,687 and 1,332 Shinsegi employees as of December 31, 2000 and 2001, respectively.
- (14) Wireless subscribers include those subscribers who are temporarily deactivated, including (1) subscribers who voluntarily deactivate temporarily for a period of up to three months no more than twice a year and (2) subscribers with delinquent accounts who may be involuntarily deactivated up to two months before permanent deactivation, which we determine based on various factors, including prior payment history. Wireless subscribers also include 3,517,831 Shinsegi subscribers as of December 31, 2000 and 3,311,874 as of December 31, 2001. Shinsegi was merged into SK Telecom on January 13, 2002.
- (15) The average monthly outgoing voice minutes per subscriber is computed by dividing the total minutes of outgoing voice usage for the period by the monthly weighted average number of subscribers for the period and dividing the quotient by the number of months in the period. The monthly weighted average number of subscribers is the sum of the average number of subscribers for the month, calculated by taking the simple average number of subscribers at the beginning of the month and at the end of the month, divided by the number of months in the period. Shinsegi's subscribers and outgoing voice minutes are included from April 1, 2000.
- (16) The average monthly revenue per subscriber excludes interconnection revenue and is computed by dividing total initial connection fees, monthly access fees, usage charges for voice and data, international charges, value-added service fees; and interest on overdue accounts (net of telephone tax) for the period by the monthly weighted average number of subscribers for the period and dividing the quotient by the number of months in the period. Including interconnection revenue, consolidated average monthly revenue per subscriber was Won 43,958 for 2002, Won 44,546 for 2003 and Won 43,542 for 2004. Shinsegi's subscribers and revenue are included from April 1, 2000. For information about the average monthly revenue per subscriber of SK Telecom and Shinsegi on a stand-alone basis, see Management's Discussion and Analysis of Financial Condition and Results of Operations Overview.
- (17) The average monthly churn rate for a period is the number calculated by dividing the sum of voluntary and involuntary deactivations during the period by the simple average of the number of subscribers at the beginning and end of the period and dividing the quotient by the number of months in the period. Churn includes subscribers who upgrade to CDMA 1xRTT or CDMA 1xEV/DO-capable handsets by terminating their service and opening a new subscriber account.
- (18) Includes 2,532 cell sites of Shinsegi as of December 31, 2000 and 1,685 cell sites as of December 31, 2001.

**Table of Contents**

As a measure of our operating performance, we believe that the most directly comparable U.S. and Korean GAAP measure to EBITDA is net income. The following table reconciles our net income under U.S. GAAP to our definition of EBITDA on a consolidated basis for the five years ended December 31, 2000, 2001, 2002, 2003 and 2004.

**RECONCILIATION OF NET INCOME TO EBITDA UNDER U.S. GAAP**

	As of or for the Year Ended December 31,					
	2000	2001	2002	2003	2004	2004*
	(In billions of Won and millions of Dollars)					
<b>Net Income</b>	(Won) 895.4	(Won) 1,111.6	(Won) 1,301.1	(Won) 2,062.7	(Won) 1,553.1	US\$ 1,500.4
ADD: Interest income						