

SK TELECOM CO LTD
Form 20-F
June 30, 2008

Table of Contents

As filed with the Securities and Exchange Commission on June 30, 2008

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

Form 20-F

(Mark One)

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2007
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report For the transition period from to
Commission file number 1-14418

SK Telecom Co., Ltd.

(Exact name of Registrant as specified in its charter)

SK Telecom Co., Ltd.

(Translation of Registrant's name into English)

The Republic of Korea

(Jurisdiction of incorporation or organization)

11, Euljiro 2-Ga, Jung-gu, Seoul, Korea

(Address of principal executive offices)

Mr. Jinmo Kim

11, Euljiro 2-Ga, Jung-gu, Seoul, Korea

Telephone No.: 82-2-6100-2114

Facsimile No.: 82-2-6100-7948

(Name, telephone, email and/or facsimile number and address of company contact person)

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

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing one-ninth of one shares of Common Stock	New York Stock Exchange
Common Stock, par value ₩500 per share	New York Stock Exchange, Inc.*

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

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

None

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

None

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

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP IFRS Other

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

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

Table of Contents**TABLE OF CONTENTS**

	Page	
<u>ITEM 1.</u>	<u>IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS</u>	3
<u>Item 1.A.</u>	<u>Directors and Senior Management</u>	3
<u>Item 1.B.</u>	<u>Advisers</u>	3
<u>Item 1.C.</u>	<u>Auditor</u>	3
<u>ITEM 2.</u>	<u>OFFER STATISTICS AND EXPECTED TIMETABLE</u>	3
<u>ITEM 3.</u>	<u>KEY INFORMATION</u>	3
<u>Item 3.A.</u>	<u>Selected Financial Data</u>	3
<u>Item 3.B.</u>	<u>Capitalization and Indebtedness</u>	8
<u>Item 3.C.</u>	<u>Reasons for the Offer and Use of Proceeds</u>	8
<u>Item 3.D.</u>	<u>Risk Factors</u>	8
<u>ITEM 4.</u>	<u>INFORMATION ON THE COMPANY</u>	21
<u>Item 4.A.</u>	<u>History and Development of the Company</u>	21
<u>Item 4.B.</u>	<u>Business Overview</u>	24
<u>Item 4.C.</u>	<u>Organizational Structure</u>	49
<u>Item 4.D.</u>	<u>Property, Plants And Equipment</u>	50
<u>ITEM 4A.</u>	<u>UNRESOLVED STAFF COMMENTS</u>	50
<u>ITEM 5.</u>	<u>OPERATING AND FINANCIAL REVIEW AND PROSPECTS</u>	50
<u>Item 5.A.</u>	<u>Operating Results</u>	51
<u>Item 5.B.</u>	<u>Liquidity and Capital Resources</u>	58
<u>Item 5.C.</u>	<u>Research and Development</u>	71
<u>Item 5.D.</u>	<u>Trend Information</u>	72
<u>Item 5.E.</u>	<u>Off-Balance Sheet Arrangements</u>	72
<u>Item 5.F.</u>	<u>Tabular Disclosure of Contractual Obligations</u>	72
<u>ITEM 6.</u>	<u>DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES</u>	72
<u>Item 6.A.</u>	<u>Directors and Senior Management</u>	72
<u>Item 6.B.</u>	<u>Compensation</u>	74
<u>Item 6.C.</u>	<u>Board Practices</u>	75
<u>Item 6.D.</u>	<u>Employees</u>	77
<u>Item 6.E.</u>	<u>Share Ownership</u>	79
<u>ITEM 7.</u>	<u>MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS</u>	79
<u>Item 7.A.</u>	<u>Major Shareholders</u>	79
<u>Item 7.B.</u>	<u>Related Party Transactions</u>	81
<u>Item 7.C.</u>	<u>Interests of Experts and Counsel</u>	83
<u>ITEM 8.</u>	<u>FINANCIAL INFORMATION</u>	84
<u>Item 8.A.</u>	<u>Consolidated Statements and Other Financial Information</u>	84
<u>Item 8.B.</u>	<u>Significant Changes</u>	87
<u>ITEM 9.</u>	<u>THE OFFER AND LISTING</u>	87
<u>Item 9.A.</u>	<u>Offering and Listing Details</u>	87
<u>Item 9.B.</u>	<u>Plan of Distribution</u>	87
<u>Item 9.C.</u>	<u>Markets</u>	88
<u>Item 9.D.</u>	<u>Selling Shareholders</u>	95
<u>Item 9.E.</u>	<u>Dilution</u>	95
<u>Item 9.F.</u>	<u>Expenses of the Issue</u>	95

Table of Contents

	Page	
<u>ITEM 10.</u>	<u>ADDITIONAL INFORMATION</u>	95
<u>Item 10.A.</u>	<u>Share Capital</u>	95
<u>Item 10.B.</u>	<u>Memorandum and Articles of Association</u>	95
<u>Item 10.C.</u>	<u>Material Contracts</u>	108
<u>Item 10.D.</u>	<u>Exchange Controls</u>	108
<u>Item 10.E.</u>	<u>Taxation</u>	113
<u>Item 10.F.</u>	<u>Dividends and Paying Agents</u>	117
<u>Item 10.G.</u>	<u>Statements by Experts</u>	117
<u>Item 10.H.</u>	<u>Documents on Display</u>	117
<u>Item 10.I.</u>	<u>Subsidiary Information</u>	117
<u>ITEM 11.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	117
<u>ITEM 12.</u>	<u>DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES</u>	118
<u>ITEM 13.</u>	<u>DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES</u>	119
<u>ITEM 14.</u>	<u>MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS</u>	119
<u>ITEM 15.</u>	<u>CONTROLS AND PROCEDURES</u>	119
<u>ITEM 16.</u>	<u>RESERVED</u>	120
<u>Item 16A.</u>	<u>AUDIT COMMITTEE FINANCIAL EXPERT</u>	120
<u>Item 16B.</u>	<u>CODE OF ETHICS</u>	120
<u>Item 16C.</u>	<u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	120
<u>Item 16D.</u>	<u>EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES</u>	121
<u>Item 16E.</u>	<u>PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS</u>	121
<u>ITEM 17.</u>	<u>FINANCIAL STATEMENTS</u>	123
<u>ITEM 18.</u>	<u>FINANCIAL STATEMENTS</u>	123
<u>ITEM 19.</u>	<u>EXHIBITS</u>	123
	<u>EX-8.1 LIST OF SUBSIDIARIES</u>	
	<u>EX-12.1 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302</u>	
	<u>EX-12.2 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302</u>	
	<u>EX-13.1 CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350</u>	
	<u>EX-13.2 CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350</u>	
	<u>EX-15.1 FRAMEWORK ACT ON TELECOMMUNICATIONS</u>	
	<u>EX-15.2 ENFORCEMENT DECREE OF THE FRAMEWORK ACT</u>	
	<u>EX-15.3 TELECOMMUNICATIONS BUSINESS ACT</u>	
	<u>EX-15.4 ENFORCEMENT DECREE OF THE TELECOMMUNICATIONS BUSINESS ACT</u>	
	<u>EX-15.5 AMENDMENT TO THE GOVERNMENT ORGANIZATION ACT</u>	
	<u>EX-99.1 CONSENT OF DELOITTE ANJIN LLC</u>	

Table of Contents

CERTAIN DEFINED TERMS AND CONVENTIONS USED IN THIS REPORT

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

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

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

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

Pursuant to an amendment to the Government Organization Act, effective as of February 29, 2008, the Ministry of Information and Communication, or MIC, has become the Ministry of Knowledge Economy, and functions formerly performed by the MIC are now performed separately by the Ministry of Knowledge Economy, the Ministry of Culture, Sports and Tourism, the Ministry of Public Administration and Security, and, particularly, the Korea Communications Commission, or the KCC. In this report, we refer to the MIC as the relevant governmental authority in connection with any approval granted or action taken by the MIC prior to such amendment to the Government Organization Act and to such other relevant governmental authority in connection with any approval granted or action taken by such other relevant governmental authority subsequent to such amendment.

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

Unless otherwise indicated, translations of Won amounts into Dollars in this report were made at the noon buying rate in The City of New York for cable transfers in Won per US\$1.00 as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, the translations of Won into Dollars were made at the noon buying rate in effect on December 31, 2007, which was Won 935.8 to US\$1.00. On June 27, 2008, the noon buying rate was Won 1,041.8 to US\$1.00. See Item 3.A. Selected Financial Data Exchange Rates .

Table of Contents

FORWARD-LOOKING STATEMENTS

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

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

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

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

our plans to spend approximately Won 1.75 trillion for capital expenditures in 2008 for a range of projects, including investments in our backbone networks (and expansion of our WiBro network in particular), investments to improve our WCDMA network-based products and services, investments in our wireless Internet-related and convergence businesses and funding for mid-to long-term research and development projects, as well as other initiatives, primarily related to our ongoing businesses and in the ordinary course;

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

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

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

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

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

our ability to successfully manage our recent acquisition of an additional 38.6% stake in hanarotelecom inc., a fixed-line telecommunications operator and broadband Internet service provider; and

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

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

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

Not applicable.

Item 1.B. Advisers

Not applicable.

Item 1.C. Auditor

Not applicable.

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

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

You should read the selected consolidated financial and operating data below in conjunction with the consolidated financial statements and the related notes included elsewhere in this report. The selected consolidated financial data for the five years ended December 31, 2007 are derived from our audited consolidated financial statements and related notes thereto.

Our consolidated financial statements are prepared in accordance with Korean GAAP, which differ in certain respects from U.S. GAAP. For more detailed information you should refer to notes 33 and 34 of the notes to our audited consolidated financial statements included in this annual report.

	As of or for the Year Ended December 31,											
	2003	2004		2005		2006		2007		2007		
	(In billions of Won and millions of dollars, except per share and percentage data)											
INCOME STATEMENT DATA												
Korean GAAP:												
Consolidated Operating Revenue ⁽¹⁾	₩	10,272.1	₩	10,570.6	₩	10,721.8	₩	11,028.0	₩	12,018.2	US\$	12,842.0
Local Service ⁽¹⁾		10,091.8		10,297.6		10,361.9		10,515.6		11,237.2		12,008.0
Other ⁽²⁾		180.3		273.0		359.9		512.4		781.0		834.0
Operating Expenses		7,167.0		8,130.9		8,051.2		8,406.9		10,207.8		10,908.0
Operating Income		3,105.1		2,439.7		2,670.6		2,621.1		1,810.4		1,934.0
		2,754.3		2,123.2		2,561.6		2,021.6		1,985.3		2,121.0

Income before Income Taxes and Minority Interest						
Income ⁽³⁾	1,965.3	1,493.4	1,868.3	1,449.6	1,562.3	1,669.3
Income per Share of Common Stock ⁽⁴⁾	26,187	20,261	25,443	19,801	22,696	24,187
Adjusted Net Income per Share of Common Stock ⁽⁴⁾	26,187	20,092	25,036	19,523	22,375	23,187
Dividends Declared per Share of Common Stock	5,500	10,300	9,000	8,000	9,400	10,300
Weighted Average Number of Shares	75,078,219	73,614,296	73,614,296	73,305,026	72,650,909	72,650,909

Table of Contents

As of or for the Year Ended December 31,
2003 2004 2005 2006 2007 2007
(In billions of Won and millions of dollars, except per share and percentage data)

U.S. GAAP:

Total Operating Revenue	₩	10,225.1	₩	10,534.6	₩	10,701.4	₩	10,541.8	₩	11,212.4	US\$	11,981.6
Operating Expenses		7,044.5		8,137.6		7,847.7		7,720.0		9,144.3		9,771.6
Operating Income		3,180.6		2,397.0		2,853.7		2,821.8		2,068.1		2,210.0
Net Income		2,062.7		1,553.1		2,027.6		1,880.5		1,506.1		1,609.4
Net Income per Share of Common Stock ⁽⁴⁾		27,475		21,097		27,543		25,653		20,731		22.15
Diluted Net Income per Share of Common Stock ⁽⁴⁾		27,475		20,918		27,089		25,236		20,390		21.79

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

Working Capital (Deficiency) ⁽⁵⁾	₩	(461.4)	₩	1,323.8	₩	1,735.2	₩	1,455.5	₩	1,796.2	US\$	1,919.4
Property and Equipment, Net		4,641.5		4,703.9		4,663.4		4,507.3		4,969.4		5,310.3
Total Assets		13,818.2		14,283.4		14,704.8		16,240.0		19,048.9		20,355.8
Non-current Liabilities ⁽⁶⁾		3,193.5		4,010.7		3,513.9		3,548.5		4,344.4		4,642.5
Capital Stock		44.6		44.6		44.6		44.6		44.6		47.7
Total Shareholders' Equity		6,093.8		7,205.7		8,327.5		9,483.1		11,687.6		12,489.5

U.S. GAAP: