New 3G Services
Strategy Toward Growth

May 24, 2006

3G CDMA Latin America Regional Conference
Korean Wireless Market

SK Telecom Remains the Undisputed Leader

**Market Share by Subscribers**

<table>
<thead>
<tr>
<th>('000s, %)</th>
<th>SKT 50.9%</th>
<th>A Co 32.1%</th>
<th>B Co 17.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscribers</td>
<td>19,530</td>
<td>12,302</td>
<td>6,510</td>
</tr>
</tbody>
</table>

**Revenue**

<table>
<thead>
<tr>
<th></th>
<th>SKT</th>
<th>A Co</th>
<th>B Co</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (US$mn)</td>
<td>10,161</td>
<td>5,008</td>
<td>2,675</td>
</tr>
</tbody>
</table>

**Marketing Expense to Sales**

<table>
<thead>
<tr>
<th></th>
<th>SKT</th>
<th>A Co</th>
<th>B Co</th>
</tr>
</thead>
<tbody>
<tr>
<td>(%)</td>
<td>17.2%</td>
<td>19.1%</td>
<td>21.8%</td>
</tr>
</tbody>
</table>

**EBITDA (Margin)**

<table>
<thead>
<tr>
<th></th>
<th>SKT</th>
<th>A Co</th>
<th>B Co</th>
</tr>
</thead>
<tbody>
<tr>
<td>(US$mn)</td>
<td>4,288</td>
<td>1,945</td>
<td>719</td>
</tr>
<tr>
<td>(Margin)</td>
<td>(42.2%)</td>
<td>(38.8%)</td>
<td>(26.9%)</td>
</tr>
</tbody>
</table>

As of 2005 End
Source: MIC, Earnings release
SKT has higher data revenue portion than most global peers. It also leads data service in Korean market including EV-DO service.

Global Leadership in Data Services

Comparison to Domestic Peers

EVDO Subscribers

Source: Global Mobile, As of 3Q ’05

Source: 2Q ’05 earnings release for the companies, respectively
Maturing Korean Wireless Market

Limited Potential for Growth in the Conventional Voice Market

Korean Wireless Market Trend

Subscribers Penetration ('000s, %)

Source: MIC, NSO

SK Telecom’s Revenue Growth

Revenue Annual Growth (US$mn)

SK Telecom’s ARPU Trend

ARPU Trend (US$)

Source: MIC, NSO
Strategy toward Growth
SK Telecom’s Growth Strategy

Domestic Business Complemented by New Business to Enhance Growth

- Reinforce Domestic MNO Business through Introduction of New Services under a Convergence Environment and Enhance Global Business Initiatives to Create New Business Opportunities

- Convergence
  - Satellite DMB
  - Telematics

- New Business
  - Digital Home

- Domestic MNO Business

- Data Business
  - GXG
  - Cyworld
  - Melon

- Global Business
  - US & Vietnam

- Domestic Business Complemented by New Business to Enhance Growth
Strengthening Data Business

Data Business to Fuel Top-line Growth

SK Telecom’s Major Brands for Its Wireless Data Services

Online & Mobile Integrated Services

- Music Portal
  - Melon
- Cinema Portal
  - Cizle
- Game Portal
  - GXG
- Telematics Service
  - NATE Drive
- Financial Services
  - MONETA
  - MBANK
- Security Service
  - i-Kids
- Smart UI
  - Mobile Blogging Service
  - Color Mail
  - Mobile Blogging Service
  - Color Mail

SK Telecom’s Terminal Platform
Leading Data Services

*MelOn is Korea’s Number One Paid Music Site in Terms of Revenue and Subscriber Base*

**World 1st Convergent Music Portal**
- Over-the-air music download
- Real-time music listening
- Music playable on mobile handset, PC, and MP3 player

**Innovative Business Model**
- Monthly flat rate for unlimited service
- Partnership with Intel to integrate with Intel’s Digital Home Platform “Vive,” enabling access from TV

**Performance Update (‘05)**
- 4.2M members with 600K paying subscribers
- Revenue of US$45 million
- 2006 Target: 8 mn members, 900K paying subscribers and revenue of ~US$70 million
“Cyworld” is a popular wired & wireless community & blog service which became the trademark of ubiquitous and convergence service among Korean youths.

- Decoration of Mini Homepage with photos, music and avatar
- Successful item sales model
- Easy to navigate friends’ Mini Homepages

Access to the same online service thru mobile phones.
- Ubiquitous features such as updating Mini Homepage anytime anywhere.

**Performance Update (’05)**
- 1.2M cumulative mobile Cyworld users
- Revenue of US$50 million
- 2006 Target: 1.9mn cumulative mobile Cyworld users and revenue of US$55 million
SKT's premium game service portal, GXG, allows game manias to experience the extreme in mobile 3D games through various GXG-enabled mobile handsets.

Popular PC, arcade & console games enjoyed any time, any where via mobile phone!

3D game portal site launched in April 2005

Expect increased use in line with aggressive expansion of HSDPA in 2006
Convergence/Ubiquitous Businesses

Satellite DMB & Other New Businesses to Provide Platform for Growth

Satellite DMB
- Commercialized in May 2005 to strengthen top line growth via rental, monthly and activation fees
- Satellite DMB has many advantages as:
  - It provides more extensive contents
  - Numerous handsets facilitate Satellite DMB
  - Provides a wider geographical coverage
- Terrestrial retransmission expected – Broadening channel selection

Overall DMB Market expected to be enlarged with introduction of Terrestrial DMB

Other New Businesses
- Home Network
  - Enables handsets to fully control home appliances
  - Focus on solidifying the business for 2006
- Telematics
  - Car navigation through the use of handsets
  - Reposition business to appeal to a wider customer base rather than as premium service
Mobile Convergence Service

Satellite DMB to Provide Platform for Growth

Satellite DMB 2005 Performance
- Commercialized in May 2005 to strengthen top line growth via rental, monthly and activation fees
- 2005 Operating Performance
  - Subscriber: 400,000 Subscribers
  - Revenue: US$21.5 million
- 2006 Subscriber Target: 1.2 million Subscribers
- Satellite DMB has many advantages as:
  - It provides more extensive contents
  - Numerous handsets facilitate Satellite DMB
  - Provides a wider geographical coverage

Service Feature Overview

Price Plan
- Subscription Fee
  - US$20
- Monthly Fee
  - US$13

Channel Lineup
- Video
  - 11ch
- Audio
  - 26ch
  - Music, News, Education (Non-stop Music, DJ Music, Variety, Etc.)

25 Terminal Line-up by the End of 2005
Mobile Convergence Service

Financial Services

"Multi-purpose Card"

- Credit card, e-cash, bus & subway card
- Membership: TTL, OK Cashbag™, etc.
- Future: ID, medical insurance card, banking, etc.

- 0.9% of every credit card transaction amount is put into mileage

- Off-line, online, mobile payment

In partnership with

Credit Cards
- LG
- Samsung
- Korea Exchange Bank
- Koram Bank
- Hana Bank

E-cash
- Visa Cash

1. Take out the chip from the credit card
2. Insert the chip into the back of handset
3. It is ready to use now

Mobile Convergence Service

Financial Services
Mobile Convergence Service

Telematics - NATE Drive

Personalized Navigation Service

- Finds shortest route based on real time traffic information
  - traffic jam, emergency
- Voice-activated navigation
- Launched in Mar 2002
  - 300,000 subscribers (June 2005)
- Launched telematics service in Jeju island (Dec 2004)
Data Business Performance

Revenue from Wireless Data Services Showing Robust Growth

* Excluding revenues from connection fees
SKT's Data Service Revenue Comes Mostly from Rich Contents

- **Data ARPU Portion**
  - SKT: 28% Voice, 72% Data
  - KTF: 18% Voice, 82% Data
  - LGT: 10% Voice, 90% Data

- **Data ARPU by Handset Type**
  - 2003: 19.5% Music, 59.3% Game, 21.2% SMS
  - 2004: 34.5% Music, 56.2% Game, 9.3% SMS
  - 2005: 41.6% Music, 53.4% Game, 5.0% SMS

- **Sub-total: 86%**
  - Music: 31%
  - Game: 9%
  - Video: 5%
  - LBS: 3%
  - Adult: 8%
  - Picture: 4%
  - Community: 8%
  - Messaging: 8%
  - Others: 10%

- **Data ARPU**
  - **EV-DO**
    - 2003: 18.8 (19.5%) 36% of Total ARPU
    - 2004: 18.5 (34.5%) 36% of Total ARPU
    - 2005: 19.5 (41.6%) 36% of Total ARPU
  - **1X**
    - 2003: 8 (9.3%) 22.3% of Total ARPU
    - 2004: 8 (9.3%) 22.3% of Total ARPU
    - 2005: 8 (5.0%) 22.3% of Total ARPU

* As of 2005 4Q
Global Business

Building Global Value Network for Economies of Scale and Cross Benchmarking

Platform Licensing
- Israel (Pelephone)
- Taiwan (APBW)
- Thailand (TA Orange)
- Singapore (SingTel, M1)
- Indonesia (TelkomSel)
- Philippine (SMART)

Network Consulting
- Telstra in Australia
- China Unicom
- KDDI and NEC’s Operation Partner

Portal
- UNISK and Viatech in China
  - UNISK: JV with China Unicom
  - Viatech: Community Portal

MNO
- S Telecom in Vietnam
  - Committed to build nationwide coverage
- SkyTel in Mongolia

MVNO
- HELIO in US
Global Business

Closer Look at Helio JV in the US

**Target Customer**
- Tech-Savvy Youth & Young Adults (Fun & Entertainment Seekers/Prosumer/Affluent)
- Korean American Community

**Target Coverage**
- Nationwide services leveraging the nationwide network coverage of host wireless carriers

**Killer Contents**
- Entertainment data services (VoD, M0D, Game, Etc.) leveraging its proximity to Hollywood and Silicon Valley

**Distribution Channel**
- Building sales channel strategy aligned with new brand
- Partnering with leading youth portals to maximize online sales

**Infrastructure**
- Building the company’s own wireless Internet platform, billing & customer care system, etc. led by SK Telecom
Melon 20
What's Next?
Success Factors

Integrated Service
- convergence services driven from customer’s needs

Broadband Network
- optimal portfolio of broadband networks suitable for each service characteristics

Convergent Terminal
- Hybrid functionalities
- Highly flexible to new services
Each industry's characteristics, such as communication's interactivity, internet's content and community, are integrated to create new services.
Network Portfolio

Growth from Technology Leadership

Multi-access Technologies

Optimal Network Portfolio

Combination of networks
Service Convergence
Seamless handover
Convergent Terminal - Evolution

Ubiquitous Interface
- WiBro
- RFID
- ZigBee

Perceptual Interface
- Healthcare (Sensor)

Integrated Function
- Mini-HDD
- 7 mega pixel
- VGA
- Smart chip

MMMB

M-Bank

PH-S4
- MONETA
- 2 mega pixel
- QVGA

MONETA

SV-520
- JUNE,MP3
- 1.3 mega pixel
- Mini SDm

Multimedia

SCH W-120
- WCDMA
- 1X/DO
- JUNE

SCH V-600
- JUNE,MP3
- MONETA
- 1.3 mega pixel

Camera

SCH S-250
- 5 mega pixel
- Intenna
- QVGA

SCH V-650
- JUNE,MP3
- WIP1.2
- QVGA
- MONETA

SCH W-120
- WCDMA
- 1X/DO
- JUNE

Game

PH-S3500
- GIGA
- 86M memory
- WIP1.2

SCH B-100
- S-DMB
- JUNE
- QVGA

PH-S6000
- Bluetooth
- GIGA

PH-S4
- MONETA
- 2 mega pixel
- QVGA

SV-520
- JUNE,MP3
- 1.3 mega pixel
- Mini SDm

SCH S-250
- 5 mega pixel
- Intenna
- QVGA

SCH V-650
- JUNE,MP3
- WIP1.2
- QVGA
- MONETA

IM-8200
- S-DMB
- JUNE
- QVGA

MMMB

M-Bank

PH-S4
- MONETA
- 2 mega pixel
- QVGA

MONETA

SV-520
- JUNE,MP3
- 1.3 mega pixel
- Mini SDm
Summary

High quality 3G networks and capable terminals enabled value added services with increased ARPU

Convergence is the key word for the future

Strengthening global partnership to identify new business opportunity together