



SK Telecom



annual report 2000

SK Telecom can only grow so long as customers are satisfied.

We are pursuing something much more important than

having the advanced technology to set world standards,
more important than being Korea's foremost service provider and more important than
exceeding our sales targets each year.

The path for SK Telecom remains unchanged...

in 2000, 2001 and beyond.

The customer is still our top concern.

This is how we will become

**a most valuable company
with innovation.**



corporate.
highlights.

SK Telecom leads the era of digital and mobile communications, and we continue to bolster our competitive edge in 2001.

First_ we are adding value to our cellular phone services, which continue to provide us with healthy cash flows.

Second_ we are strengthening our wireless data service business through a Mobile Platform and Financial Enabler which are based on 2.5-generation technology.

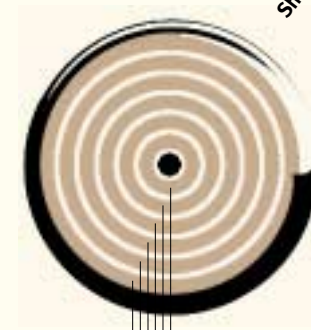
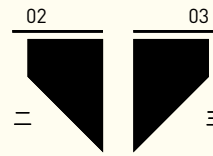
Third_ we are selectively and gradually making new investments to ensure the success of our third-generation business.

SK Telecom is breaking new ground in communications in efforts to create a world built upon information technology. By offering new models for generating value, we are gaining recognition as a world leader in information and communications.

	1996	1997	1998	1999	2000
Operations (In billions of Korean won)					
Operating revenue	2,676.0	3,512.0	3,545.2	4,284.9	5,760.9
Net income	195.5	113.6	151.3	304.2	950.7
EBITDA	1,173.9	1,391.9	1,358.2	1,183.9	2,453.5
Facility investment	1,185.9	1,533.9	764.2	1,082.6	1,793.5
Finances (In billions of Korean won)					
Cash & marketable securities	732.4	476.5	745.1	550.4	1,231.1
Assets	3,258.6	4,103.3	4,060.8	6,213.1	9,053.6
Interest-bearing debt	746.1	1,360.8	1,975.1	1,479.5	1,698.9
Liabilities	2,201.2	2,787.8	2,591.5	2,469.7	3,087.7
Shareholders' Equity	1,057.4	1,315.6	1,469.2	3,743.3	5,966.0
Per-share Indices (In won)					
Earnings per share(EPS)	3,380	1,887	2,363	4,134	10,899
Cash flow per share(CFPS)	17,481	16,765	17,038	13,674	21,500
Financial Ratios (%)					
EBITDA margin	43.9	39.6	38.3	27.6	42.6
Net income margin	7.3	3.2	4.3	7.1	16.5
Return on equity(ROE)	22.3	9.6	10.9	11.7	19.6
Return on invested capital(ROIC)	23.5	26.8	12.2	11.3	18.4
Return on assets(ROA)	6.5	3.1	3.7	5.9	12.5
Debt-to-equity ratio	208.2	211.9	176.4	66.0	51.8
Others					
Number of employees (regular)	5,625 (3,849)	6,253 (4,009)	5,467 (3,404)	6,662 (3,272)	4,672 (3,067)
(temporary)	(1,776)	(2,244)	(2,063)	(3,390)	(1,605)
Sales per employee (In millions of Korean won)	476	562	648	643	1,233
Cellular service subscribers at year's end (In thousands)	2,891	4,571	5,966	10,110	10,935

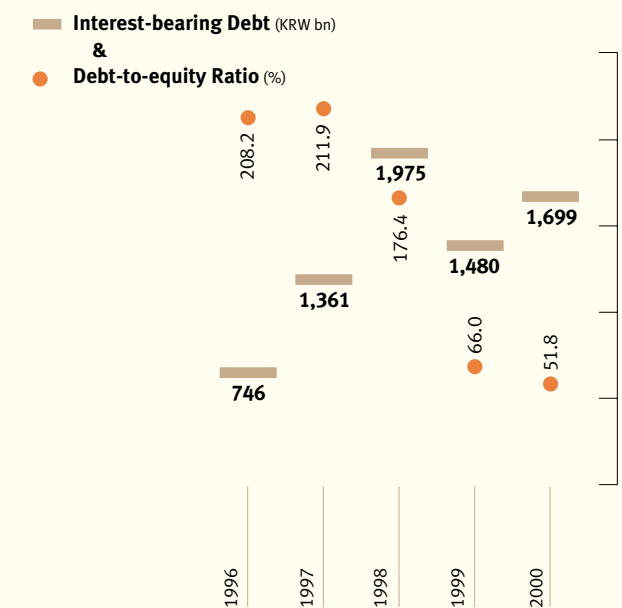
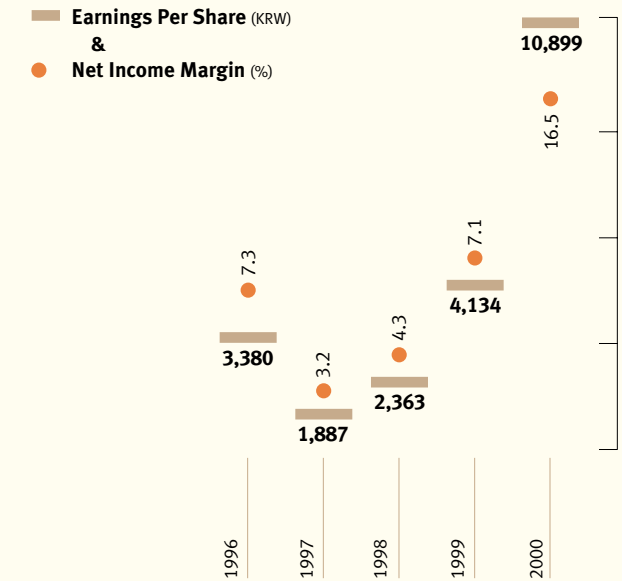
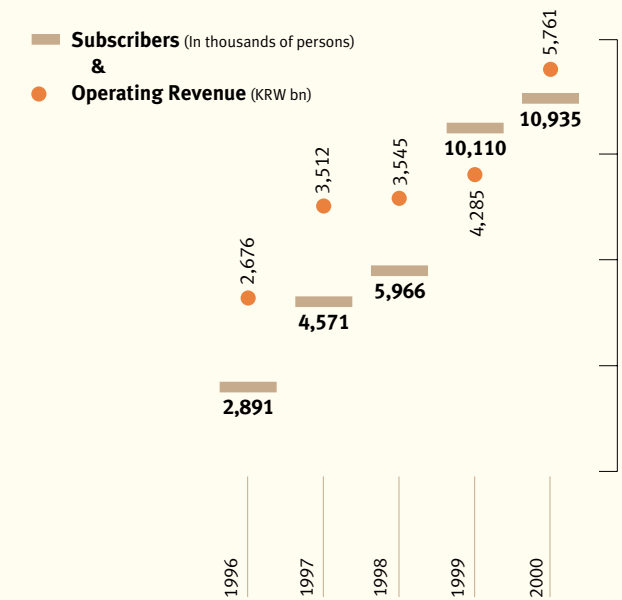
Note 1: Refer to the Statistical Overview for definitions of terms and an explanation of calculation methods used.

Note 2: The per-share indices are retroactive to a share increase from a stock split.



Shareholder Composition
(As of Dec. 31, 2000)

- (3.3%) Individual investors
- (6.5%) POSCO
- (8.9%) Domestic institutions and corporations
- (13.4%) Korea Telecom
- (33.7%) Foreign investors
- (34.2%) SK affiliates



BUSINESS. OVERVIEW.

In 2000, we applied our advanced technology and provided industry-leading services to ensure that customers remain the priority in the midst of a rapidly changing information and communications environment. The year is filled with special memories for us.

Crisis Brings the Opportunity for Accelerated Growth

The ban on cellular handset subsidies in Korea slowed overall demands for new subscriptions in 2000, while our acquisition of a majority stake in Shinsegi Telecomm forced us to artificially lower the SK Telecom share of the domestic cellular service market. In spite of these setbacks, we solidified our domestic leadership position and were finally granted a license by the government to provide IMT-2000 services. Our confidence to grow in the face of adversity has been bolstered by the strength of our customers.

From cellular service to wireless Internet access, SK Telecom has always been the first to accommodate new customer requirements. Now, we are growing even closer to our customers by developing the latest technology to offer the next generation of information and communications services.

Korean Information & Communications Services Gain World Attention

SK Telecom continued to advance into overseas markets in 2000. Our cutting-edge technology and history is now opening up new horizons in the information and communications services of Mongolia, Daghestan and Vietnam. SK Telecom is playing a leading role in constructing a single communication network platform for all of Northeast Asia through cooperative relationships between major telecommunications operators in Korea, China and Japan.

Our capabilities have been recognized overseas. We were chosen the Best CDMA Operator at CommunicAsia 2000 and received the Service Innovation Award from the CDMA Development Group. The Asian edition of Tele.com magazine also selected SK Telecom as one of Asia's top ten wireless service operators.

As the SK Telecom reputation continues to grow throughout the world, Korea is emerging as a major power in the digital and mobile communications era. SK Telecom is now helping to boost the nation's international status with regard to the third-generation systems.

First to Predict and Prepare for the Future

The 21st century can be defined as the "era of uncertainty." Yet, SK Telecom is already preparing for the future. We are researching the convergence of wired and wireless Internet access as we enter the era of high-speed wireless multimedia services.

At the same time, SK Telecom employees constantly sharpen their skills under an "organizational member growth strategy" that enables the company to respond to a rapidly changing environment. Employees voluntarily take part in the unique SK Management System (SKMS) and quest for "Super Excellence" (SUPEX) as they strive to become topnotch professionals in their respective fields.

SK Telecom is proud to be a technology and service leader, and is committed to creating a new world of information and communications.

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v a l u e c r e a t i o n

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CELLULAR SERVICE



Supported by ten million subscribers, the SPEEDo11 cellular service boasts Korea's most complete coverage, highest call quality and most diverse features.

SK Telecom is also the world's first to commercialize 2.5-generation mobile communications services and is in the forefront of developing a full-fledged 3G system.



(CDMA 2000 1x)

WIRELESS DATA SERVICE



SK Telecom was Korea's first service provider to adopt a WAP (Wireless Access Protocol)-based system, allowing subscribers to use their cellular phones to access the Internet, carry out stock transactions, send and receive email or view video clips.

ONLINE SERVICE



The Netsgo online multimedia service and SK Telecom's fiber-optic cable backbone provide the platform for faster, more user-friendly services that are changing the way people live.

Jan. '00

Apr. '00

Jun. '00

Sep. '00

● SPEEDo11 LEADERS CLUB service launched to boost customer satisfaction.

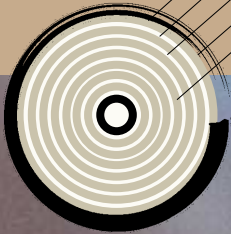
● SK Telecom's standard rates reduced 13.3%, and selected rates discounted 5.8%.

● SK Telecom named Best CDMA Operator at CommunicAsia 2000.

● World's first trial service for 2.5-generation cdma2000 1x launched in metropolitan area.

MOBILE PHONE MARKET SHARE & NO. OF SUBSCRIBERS
(AS OF THE END OF DECEMBER 2000)

SK Telecom	(40.8% 10,934,852)
A Co.	(19.7% 5,285,166)
B Co.	(14.7% 3,947,903)
Shinsegi Telecomm	(13.1% 3,517,831)
C Co.	(11.7% 3,130,646)



New Services Offered in Advance of Demand

In January 2000, all subscribers to SK Telecom Speedo11 cellular service were granted a lifetime membership in the SPEEDo11 LEADERS CLUB. This unique program allows customers to select the services they want. In the future, we will continue to provide distinctive products and customized services that appeal to diverse needs and preferences of our customers. And, we will make them available even before the customers request them.

Customer-oriented Management Approach

We lowered our service fees across the board in April 2000, providing greater access to our top quality mobile communications services. Our online customer station was also expanded to enhance customer convenience and build a foundation for cyber marketing. Now, we can reflect our customers' valuable feedback even more quickly and accurately in the way we do business. In 2001, SK Telecom will continue to work hard at pleasing the customer, offering diverse mobile and multimedia services as well as the high-performance handsets to support those services.

SPEED 011
LEADERS CLUB

SPEEDO11



CELLULAR SERVICES

More than ten million subscribers represent
our present and our future.

Jan. '00

Wireless data services boosted by Korea's first WAP-based system.

Feb. '00

n.TOP users get exclusive access to CNN News in real time on their handsets.

Apr. '00

Korea's first mobile banking service offered via n.TOP.

May. '00

Sep. '00

Sydney Olympics contents service offered by n.TOP.

World's first WAP-based mobile phone credit card confirmation service offered.

GROWTH IN n.TOP SUBSCRIBERS

Dec. 2000 (4,813,000)

Sep. 2000 (3,626,000)

Jun. 2000 (3,141,000)

Mar. 2000 (1,474,000)

Jan. 2000 (485,000)

SK Telecom,

the name that is opening up the world of wireless Internet access



WIRELESS DATA SERVICE

World-class Competitiveness for Wireless Internet Access

SK Telecom is also a leader in providing wireless data service that enhances the quality of life by making information immediately accessible anywhere. Our n.TOP service was launched at the end of 1999, and within the first year of operation over 4 million people (more than one-third of our cellular service subscribers) have been enjoying this highly competitive service.

Information and communication service providers have been competing furiously to break down barriers among networks. Against this backdrop, SK Telecom had already established a master plan for the wireless data business by July 2000. By early 2001, preparations were completed to expand n.TOP services.

We continue to develop high-quality contents today so that customers can receive a wide range of services. Our aim is to use "mobile commerce" as a platform for strengthening our market leadership in both the cellular and wireless data service markets.

Feb. '00

Mar. '00

Oct. '00

Nov. '00

Dec. '00

Comprehensive agreement signed with China Unicom for technology and service operation.

Cooperative agreement signed with Saigon Post & Telecommunications Services Corp., Vietnam's second largest telecommunications operator.

Cellular service contract signed with Daghestan Cellular Network.

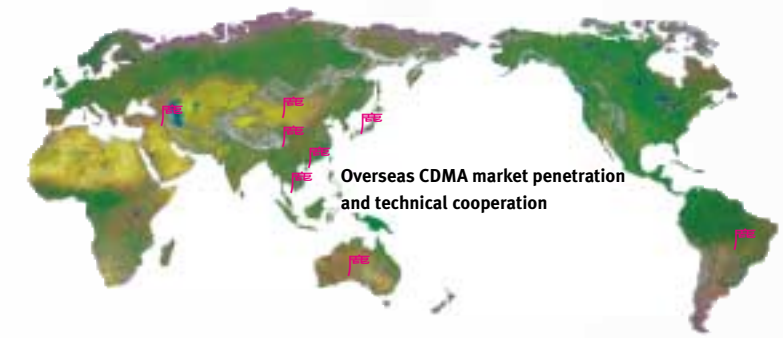
Strategic alliance formed with Hutchison Corporate Access of Hong Kong to offer international satellite services.

SK Telink America established for US market entry.

End of 2000_ 28,500 subscribers (171% increase)

USERS OF SKYTEL SERVICES IN MONGOLIA

End of 1999_ 10,500 subscribers



Overseas CDMA market penetration and technical cooperation

SK Telecom Technology on the World Stage!

A single network for all of Asia



www.sktelecom.com

OVERSEAS OPERATIONS

Taking on the Global Challenge as a Topnotch Operator

SK Telecom operations are now extending beyond Korea's borders as we apply 17 years of the world's most advanced CDMA technology and know-how related to basic network design and service optimization. Our ongoing efforts to break into overseas mobile communications markets began to see tangible results during 2000.

SK Telecom partnered with China Mobile and China Unicom, that nation's largest and second-largest mobile communications carriers. We also strengthened our cooperative ties with NTT DoCoMo of Japan. We entered a cellular service project with Skytel of Mongolia in July 1999, and the number of service subscribers reached 28,500 as of the end of 2000, a 171% jump year on year. As such, we now hold 30% of the Mongolian mobile phone service market.

SK Telecom also concluded a cellular service contract with Daghestan Cellular Network, the exclusive cellular service carrier for the Republic of Daghestan. By November 2000, a new cellular service was in operation in Daghestan, using the SK Telecom network platform.

In addition, we have joined a CDMA project in Vietnam, provided technical consulting in Brazil and Australia, and are now cooperating with GameKing, China's largest game software company. Our reputation for outstanding technology and services is helping us to advance onto the world stage as a major player in the information and communications industry.

Jan. '00

Mar. '00

Aug. '00

- International videoconference completed via IMT-2000 network between SK Telecom and NTT DoCoMo.
- Conference held on core technology for asynchronous (W-CDMA)IMT-2000 development.
- CellPLAN IP, world's first wireless network design & optimization system, developed.

Sept. '00

Nov. '00

- Joint development contract signed with CyberBank for IMT-2000 handset development.
- Strategic alliance formed among 10 carriers to co-develop core IMT-2000 technology.

research & development

Technology to Standardize Global Information & Communications, Starting from 3G

SK Telecom set the standard for mobile communications in Korea. Now our 3rd-generation (3G) technology is ushering in a new era of communications, where multimedia is made available to users anytime and anyplace on the planet. A total of ₩123.3 billion was spent in 2000 to co-develop a system for providing commercial IMT-2000 services. Now, SK Telecom is working hard to develop the multimedia service solutions and high-speed transmission capability. The wireless network design and optimization system has already been completed for IMT-2000, and SK Telecom and NTT DoCoMo of Japan carried out a wireless international videoconference call over the test network in January 2000. The call was made from two moving vehicles, with the data being transmitted at 144Kbps.

SK Telecom has also already begun research on the generation to follow 3G. The 4th-generation will achieve a transmission rate of up to 155Mbps, at least 70 times faster than 3G, and will support the interfacing of diverse wireless networks. The 4G Development Team that was recently formed at the SK Telecom Network Research Center is now engaged in 4G research and is carefully studying global trends. Only companies that lead the new technology standards will be able to compete effectively in the new era of information and communications. SK Telecom is now developing the technology to set those standards.

SK Telecom is ready...

with the advanced information & communications technology to open up a new world

www.sktelecom.com

• Data search contest held for disabled youth.

• PCs donated to 129 schools.

• Internet Survival Competition held for disabled youth.

• Homepage design competition for teenaged orphans supporting siblings.

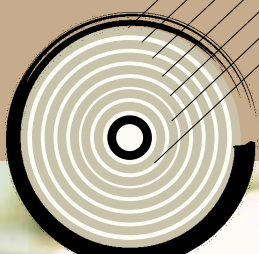
• Summer camp held for orphaned teenagers who support younger siblings.

• PCs donated and computer classes given to elementary schools in remote locations.

Lower service rates for needy families	(22.84)
Cellular services for remote areas	(15.00)
PC classes for teenaged orphan breadwinners	(5.32)
PC classes for elementary schools in remote areas	(5.00)
PC classes for disabled youth	(4.60)
PC classes for the general public	(4.50)
Other	(.56)
Total:	57.82

FUNDING FOR SOCIAL CONTRIBUTIONS
(IN BILLIONS OF KOREAN WON)

www.sktelecom.com



SK Telecom will not forget that...
the world of information is open to all.



“ Disabled persons want to show that in cyber space they are the same as everyone else. Moreover, they are elated to meet others like them who have the same dreams for a better life. I hope we can inspire those who follow. We, too, are confident that we can stand succeed in the world. This competition shows that we can live well if we have the Internet.

(Kwang-hun & Park Seung-woo, winners of the Disabled Youth Internet Survival Competition Grand Prize.)

S O C I A L C O N T R I B U T I O N S

Corporate social responsibility is nothing new. It is not a voluntary matter but an obligation in order to co-exist with customers. As part of its contributions to society, SK Telecom is creating equal opportunity in the world of information and communications. In 2000, SK Telecom was inspired by the slogan "Open Up a Bigger World." We hosted an online search contest for disabled youth, sponsored the Internet Survival Competition, donated computers to schools for the disabled, offered computer classes, and held a homepage competition. These events helped to illustrate that there are no obstacles to success in cyber space.

We have also run summer camps for orphaned teenagers with younger siblings to care for and donated computers to and offered computer instruction at elementary schools in Korea's remote rural areas. In so doing, we brightened the future prospects for those parts of society who can become left out of the information loop. SK Telecom is creating an information world in which disabilities and exclusion will become non-existent. We are determined to do even more in the future because we believe this is the best way to recompense our customers for their loyalty and support.



(SK Knights Basketball Team)
The SK Knights was inaugurated as Korea's tenth professional basketball team in 1997 to provide a model for the nation's youth. By the '99-'00 season, just two and a half years after the team's inception, the SK Knights was crowned champions. The team will continue to inspire and amaze in the days ahead.



(SK Wyverns Baseball Team)
The SK Wyverns was launched in 2000 with the determination to display a sound spirit of sportsmanship and provide solid sports entertainment. The team struggled in its first season, but has reemerged with enthusiasm and dynamism to move up in the league ranks in 2001.

Mar. '00 Apr. '00 May '00 Jun. '00

Sep. '00 Oct. '00 Nov. '00

SK Telink

INMARSAT (Mobile Satellite Organization) service launched.

SK Express service (Bundling service of INMARSAT, Radio Paging, and Cellular Phone) launched in Busan area.

VoIP service launched by forming strategic alliance with Web2Phone.

SK Teletech

Korea's first WAP-based SKY IM-1200 cellular handset introduced.

SK Telink America established for U.S. market entry.

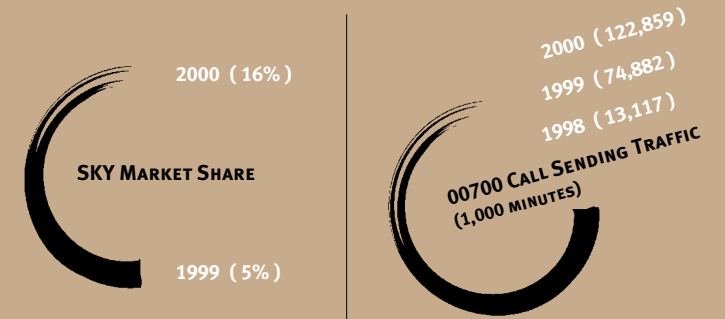
World's first cdma2000 1x applied handset "SKY IM-2300" introduced.

Cellular handset production reached one million.

Company granted ISO 9002 certification.

Company awarded "Masterpiece Prize" (Korean Marketing Grand Prize in 2000) by Maeil Business Newspaper.

Company product selected "The Most Popular Product of the First Semester of 2000" by Daily Sports Newspaper and Sports Seoul Newspaper.



www.skteletech.co.kr

www.sktelink.com

SK TELETECH

My favorite cellular handset

In 2000, SK Teletech focused on developing a cellular handset that will lead the future of mobile and multimedia services. We successfully introduced the SKY handset series, a new handset with a sophisticated design and functions which satisfy our customers' diverse needs. These have been overwhelmingly popular among our customers. As a result, its market share reached 16 %, increasing from 5% in 1999. At the same time, we are introducing cutting-edge multimedia cellular handset technology to overseas markets by exporting our cellular handsets to China, Brazil and Israel among others.



SK TELINK

The Most Economical International Call Service

We are providing the most economical and convenient communications services. In addition to 00700 international call service, SK Telink is offering Pre-paid and Post-paid Card international call service, SK Express - bundling service for corporate customers, VoIP, and Web-to-Phone services. We are quickly expanding into the areas of data services as well as traditional voice services. Thanks to its economical call rates and high quality services, SK Telink recorded a total call sending traffic volume of 100 million minutes in 2000. And, total traffic reached over 150 million minutes by the end of the year. In May 2000, we established SK Telink America in the US in efforts to construct a global network.



Jan. '00

Feb. '00

Apr. '00

May '00

Aug. '00

Sep. '00

Dec. '00

Syncroad

NETSGO

- High speed Internet service begun, starting from Bucheon and Kimpo areas.
- Agreement on joint development of high speed Internet service signed by Syncroad and East Seoul Cable TV.
- N.E.T., Korea's largest Internet House, established.
- Happy2Buy, Internet shopping mall of NETSGO, opened.
- Company selected top in Korea's Web Site ISP category by the Korean Management Association.

- NETSGO spun off from SK Telecom.
- Company selected top in the Korea Customer Satisfaction Index for Online Service category by the Korea Management Association.
- Syncroad, high speed Internet service, launched by forming alliance with 15 CATV carriers nationwide.
- Company chosen top for two years running in the National Customer Satisfaction Index for Online Service category by the Korea Productivity Center and Chosun Daily Newspaper.

Enjoy your digital life at NETSGO!

Syncroad makes the world of your dreams come true!

Online Service

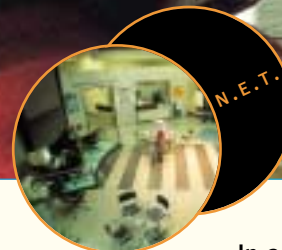
Online Shopping

Wireless Internet

Specialized Portal Site by Theme

Leased Line for Office & Buildings

Overseas Internet Service



NETSGO

NETSGO

In 2000, NETSGO was ranked as the best in the National Customer Satisfaction Index for Online Service category for the second years running. In addition, the company was awarded first place in Korea's Web Site ISP category. These honors were given after we took our first step as an independent corporate body. NETSGO was spun off from SK Telecom in August 2000. NETSGO, Korea's first online service based wholly on the Internet, will continue to seek new ways of satisfying customers, even before they ask.



In April 2000, we opened Internet shopping malls, Happy2Buy and NETSGO Kid Shop. In addition, Happy-wedding specializing in a wedding shopping mall was put online. NETSGO is gaining recognition as a famous place for Internet shopping and a wide variety of content. On the other hand, NETSGO established N.E.T., Korea's largest Internet House, near Kangnam subway station, where people can learn how to access the Internet and experience wonderful cyber world.

SYNCRoad

Like the Silk Road that connected the East and the West in ancient times, Syncroad provides high speed Internet connections for home and office & buildings through SK Telecom's fiber optic backbone and regional CATV network. In January 2000, commercial service was begun in the Kimpo area. Now Syncroad is quickly expanding its service area throughout the nation. SK Telecom proudly offers a high speed Internet service that is faster, more convenient, and the most economical. We are confident that Syncroad will play a crucial role in realizing the vision of convergence of wired and wireless Internet services that SK Telecom searches for.



OUR MISSION.

Responding to Paradigm Shifts

The shape of the information and communications industry, as well as our lives, is changing dramatically thanks to the convergence of digital media and mobile communications. With this in mind, a business direction must also turn to different ways.

We expect that in the future, wireless and data communications will play an important part in the world's telecommunications market. And, wireless Internet users will exceed wired Internet users by 2005. This paradigm shift will be accelerated by introducing a third generation mobile communications technology and by constantly upgrading wireless and wired networks.

Today, the information and communication sector is facing unparalleled changing waves that are dismantling the boundaries between the realms of industries. Those who do not respond to this change have no future. SK Telecom always goes one step faster and further to stay ahead of these paradigm shifts. With a heart open to the challenge of the future, we are committed to ushering in the new world of information and telecommunications

New Vision for Unlimited Value Creation

SK Telecom has achieved remarkable growth in the existing network business over the last 17 years. However, we are not satisfied with this. Our major goal is to become a world leader in information and communications. Mindful of this vision, SK Telecom has been striving to create new kinds of value through launching a variety of new businesses in the area of information and communications.

A company that is not resting in its comfortable position, but is determined to constantly pioneer new markets with challenging and aggressive approaches! A company that increases its corporate value through accurate foresight and adopting strategies to cope with the rapidly changing telecommunications environment! This is why SK Telecom has unlimited potential.

A new world of communication where distance is not a barrier between people! With SK Telecom, this is possible. "A Most Valuable Company with Innovation" - SK Telecom



TERMINAL

SK Telecom develops sophisticated multimedia handsets to meet customers' diverse needs. We cooperate with small and medium-sized telecommunication companies. And, we will increase the value of brands with aggressive marketing approaches.

NETWORK

We will establish multi-access points, responding to the convergence of telecommunications access methods such as wired and wireless communications, and broadcasting. In addition, we will strengthen our market leadership by providing customer-oriented services.

PLATFORM

On the basis of a wireless network platform that has led the market, we will provide top quality communication services that customers can enjoy anytime, anywhere, and anyway they choose (PC/TV/PDA). We will be the first choice of interface point.

FINANCIAL ENABLER

Based on our remarkable achievements in the existing telecommunications business, we will implement a financial enabling arm to create new business opportunities.

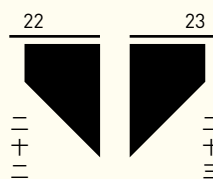
total solution provider



our shareholders.
to.



Kil-seung Son | Chairman & CEO



Jung-Nam Cho | Vice-chairman



Moon-Soo Pyo | President

To Our Valued Customers

Facing the year 2001 filled with hope and challenges, we at SK Telecom would like to extend deep appreciation to our valued customers for their continued support, affection, and encouragement.

During last year, there was a frenzy of corporate mergers and acquisitions both in Korea and abroad. As a result, the information and communications industry has both consolidated and grown larger. This caused intensifying global competition in this industry. In spite of this changing environment, SK Telecom achieved ₩5.76 trillion in total sales and ₩950.7 billion in net income last year. These results further solidified our position as Korea's leading telecommunications operator. In addition, the year proved to be a very significant period for us to lay the groundwork needed to emerge as a major world player.

In 2000, SK Telecom successfully acquired a majority stake in Shinsegi Telecomm which allowed us to secure international competitiveness in terms of number of subscribers. We were the world's first to launch commercial cdma2000 1x service. This established our leadership in the global wireless data market. In addition, we contributed to the vitality of the wireless Internet by securing over four million users of n.Top services. SK Telecom has been actively seeking new business opportunities. We launched Syncroad for high speed Internet access, established 'Billplus' for Internet billing, and joined in the e-money industry. By advancing into these new businesses we created a new source of earnings.

SK Telecom was recently granted a license by the government to provide asynchronous (W-CDMA)IMT-2000 service, which was adopted by over 80% of the world market. It gives us an opportunity to construct a single communication network platform for all of Northeast Asia

through cooperative relationships between major telecommunications operators of Korea, China and Japan. Furthermore, it enables us to play a leading role in the deployment of next-generation mobile communications services.

Under the slogan, "Open A Wider World", we have actively carried out social contributions. For its part, SK Telecom has provided many opportunities for disabled youth, orphaned teenagers, and youngsters who live in the countryside out of reach of the information world to learn and get involved in the information-based society. These efforts are one of our many ways of earning our corporate citizenship.

The year 2001 is passing rapidly. In this fast moving world, the global telecommunication industry is constantly changing with the development of new Internet and digital technologies, and the competition is getting severe, due to the convergence of information and communication industries.

SK Telecom will move forward to the further and more advanced stages of development based on our traditional managerial methods of SKMS and SUPEX. We are committed to becoming "A Most Valuable Company with innovation" through our unique and progressive corporate philosophy.

In particular, our corporate members will strive to benefit each valued customer by serving their every need. We would like to ask our customers to give us continued support and encouragement as we grow into a competitive global company. We offer our sincere thanks and best wishes to our dedicated employees, valued customers, and esteemed shareholders.

April 2001

SK Telecom stays competitive thanks to its willingness to rapidly respond to changes in the telecommunications market environment. We view customer-oriented management as the focal point of change. This puts our priorities on the customer's needs. In the multiple channel communications era of the 21st century, personalized solutions that fully satisfy various requests of the customer are essential because wireless Internet service users want to be provided their own individual information and content.

New Value Creation Through Advanced Network Promotion

SK Telecom is providing top quality multimedia services that satisfy the digital generation customer's needs, utilizing advanced network technology and operating know-how accumulated through the existing voice-oriented network business. SK Telecom is company that constructs high quality and high speed network platform by rapidly responding to changing trends from analog to digital service and from simple voice service to high speed multimedia services. We are creating new values in future telecommunications.

First Interface to Build a Business Model Based on Total Platform

SK Telecom aims to become the best partner in a digital era by being a first interface that satisfies customers' needs beyond time and space. Wired and wireless Portal Service that we are seeking to provide will include a broadcasting media content. And, this service will be mainly based on n.Top, wireless Internet service and NETSGO, multimedia on-line service based on the wired Internet.

Acquisition of Various Standards and Competitive Products

SK Telecom will keep securing a variety of standards and competitive terminal products through SK Teletech, developer of multimedia terminals. In cooperation with small and medium-sized terminal manufacturers, we will continually develop and produce competitive terminals to fully satisfy customers' needs. In so doing, we will increase our brand value and promote a greater focus on marketing activities that complement our mobile communications service business.

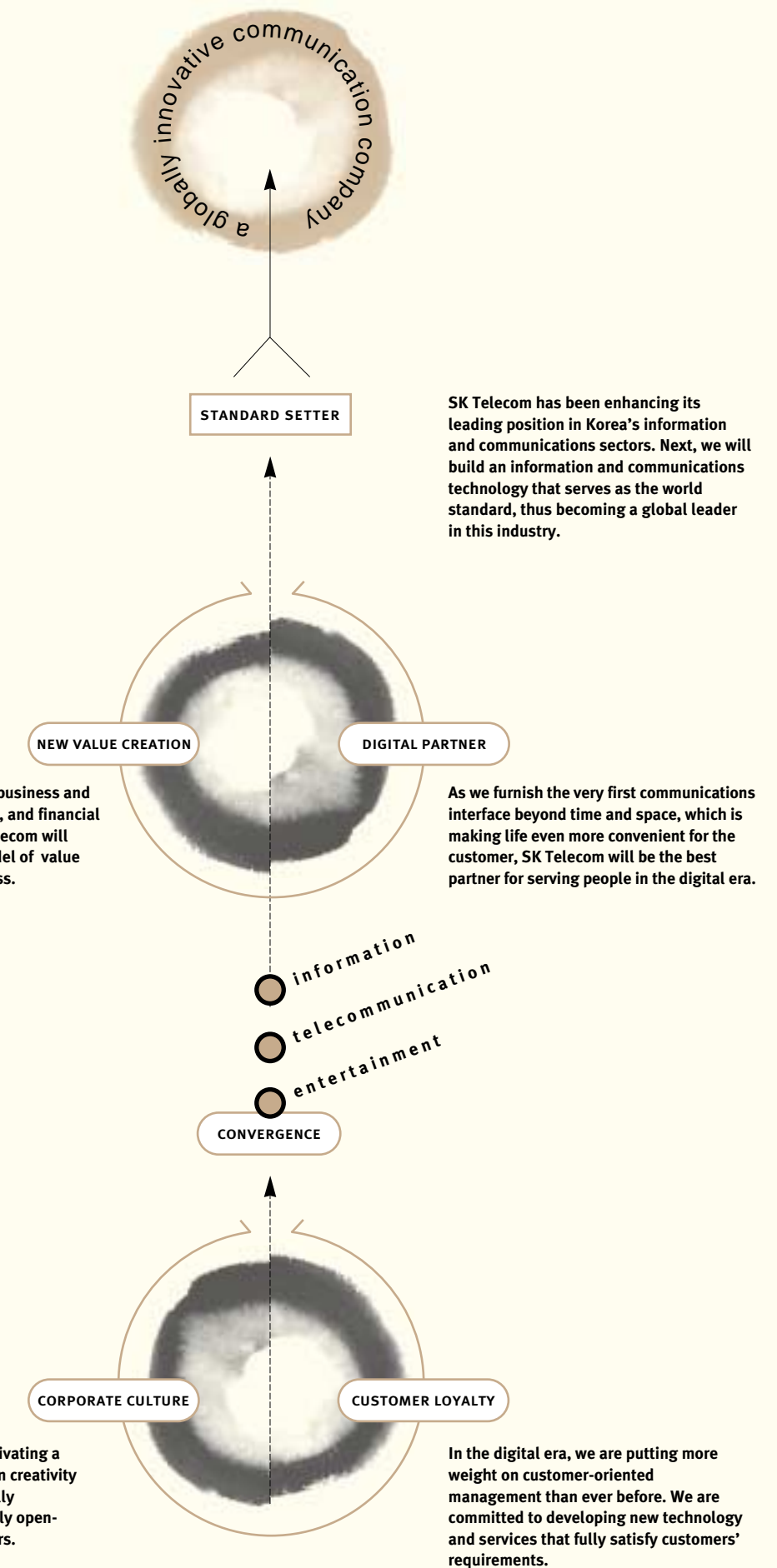
New Value Creation through Financial Enabling Business

In order to cope with the trend toward consolidation in the information, telecommunications and entertainment industries, SK Telecom is actively seeking to go into various areas of the information and communications business. We think this is the way to create increased value. To this end, we are preparing to launch a new financial enabling business focusing on areas such as e-money and credit card services via terminal among others.

Our Future Vision Centers on Further Enhancing Customer Satisfaction

SK Telecom reorganized its business structure to promote successful implementation of four new business models: Network, Platform, Terminal, and Financial Enabling. As part of this effort, we enhanced the three core components of "Speed, Flexibility, and Talent". Furthermore, we established new internal organizations to effectively and successfully launch core business of the future.

We at SK Telecom are eager to face future challenges, knowing that we were the first to confront the recent waves of change. We remain confident in our ability to prosper in the increasingly competitive global market. By maximizing company value and profit, SK Telecom will continue to put our customers first. This is the only way to build customer satisfaction.



the **IMT-2000** evolution.

A huge wave of new communications is rapidly coming to us. It is IMT-2000 service that enables you to send and receive voice, data, and even moving images at high speed with a single handset, no matter where you are on the planet. Our third-generation IMT-2000 technology will change the way people live and will exert an immeasurable impact on the industrial and commercial worlds.

The Early-Stage Commercialization of IMT-2000 Service

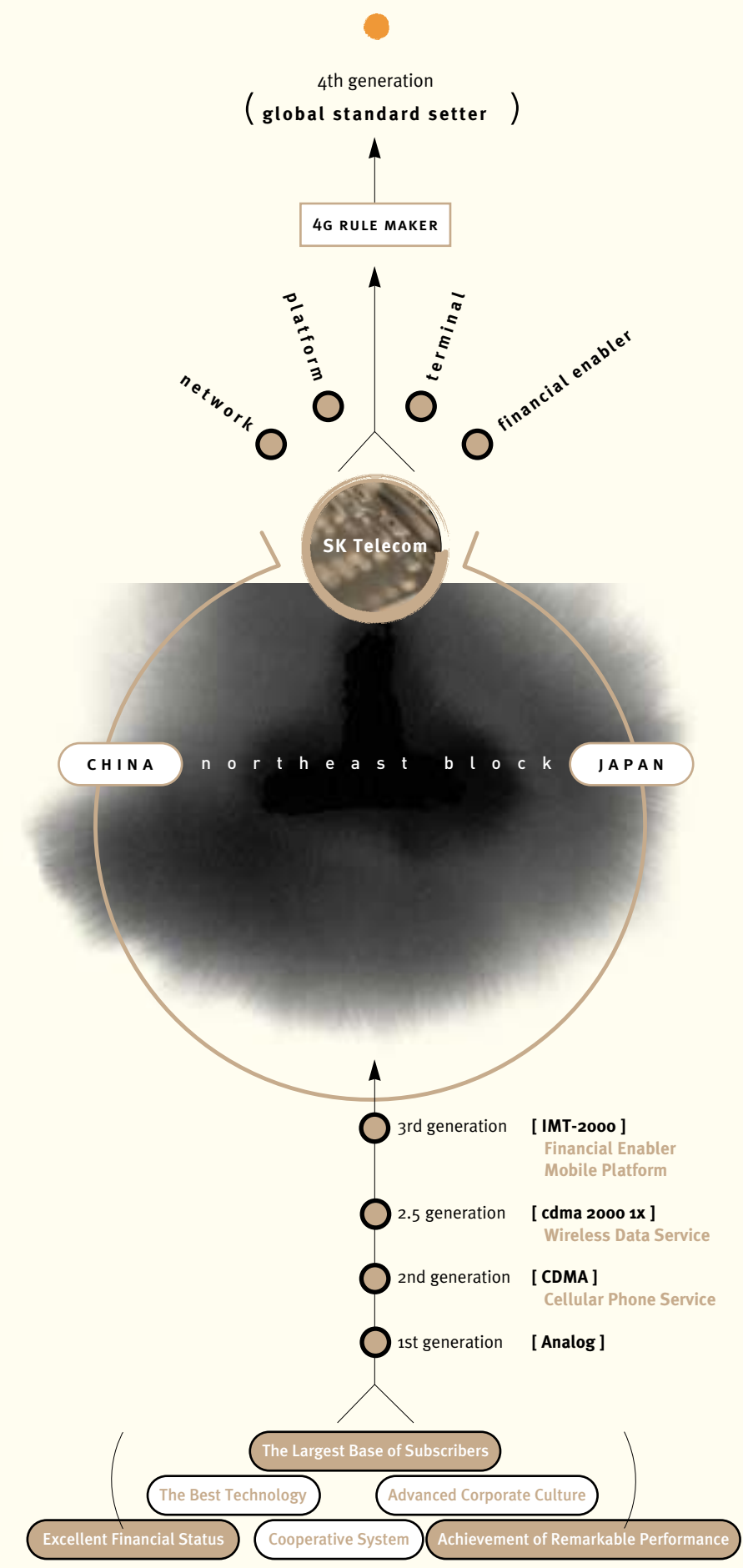
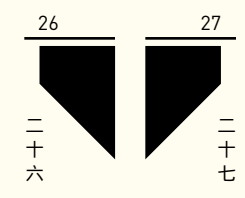
Analog represented the first-generation of wireless communications. SK Telecom completed its evolution to the second-generation with CDMA, and to the 2.5-generation with cdma2000 1x technology. We are now working hard to provide IMT-2000 service, the third generation now in its early stages of development.

To this end, SK Telecom has built multi-faceted cooperative ties with more than 70 small and medium-sized venture companies to co-develop the IMT-2000 core technology, multimedia content, and terminals. We will keep striving to develop the advanced technologies needed for this innovation by working closely with venture companies.

Technology Leading to a World Standard

SK Telecom is committed to providing IMT-2000 services that fully satisfy its customers' needs. With this in mind, we will establish a wireless Internet platform to provide services such as global roaming, real-time image phone capability and high-speed Internet access among others.

SK Telecom will develop IMT-2000 technology to serve as the world standard. This will be a cornerstone for the development of a platform to support fourth-generation mobile communications technology. As SK Telecom's reputation for the setting global standard spreads throughout the world, Korea will emerge as a major power in the information and communications era.



INTO. THE. MOBILE. FUTURE.

In less than a decade, SK Telecom expects the arrival of a completely new era in high-speed multimedia communication. This new age may even dawn in less than ten years, as we have already taken the first steps into the land of high speed multimedia that will lead us to this marvelous new world.

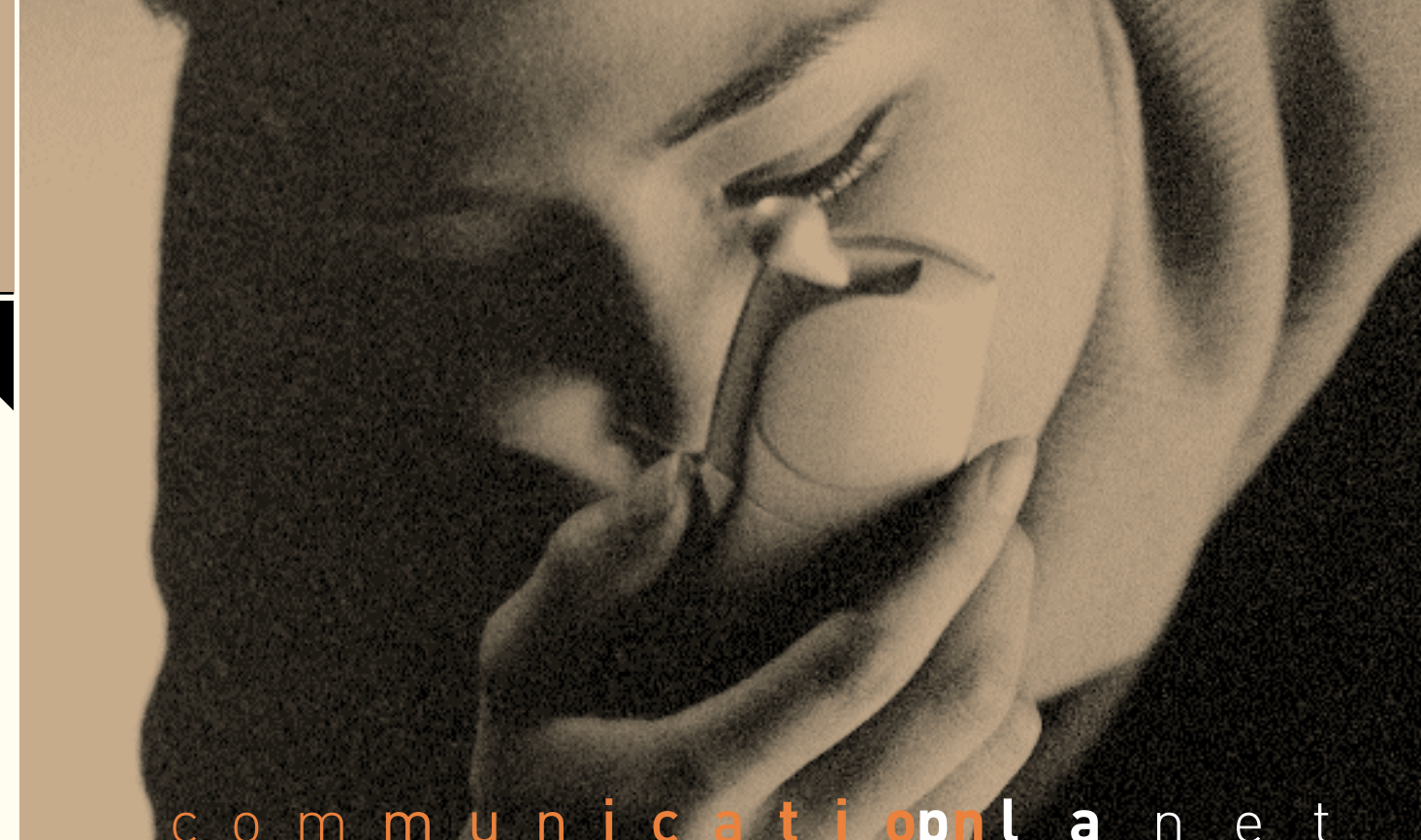
A New Way of Life through Advanced Technology

High-speed multimedia services based on a high frequency bandwidth of 5GHz with a maximum speed of 155Mbps allow us to access a variety of wireless interfaces and develop a wide range of multimedia content. This will bring an ALL IP Network that will allow every network to unify in a single network. In this way, we will break the communication barrier between wired and wireless media. This service will bring us into a new communication world that we have never imagined before.

The world of high-speed multimedia will extend to every area of our life.

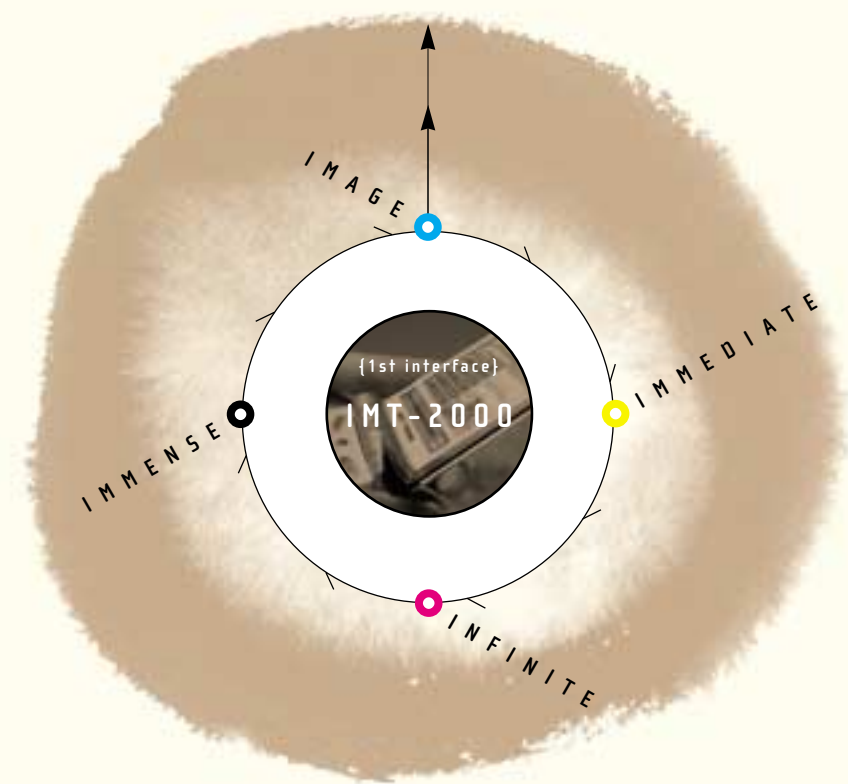
This will start with the little tiny terminal which can fit in your palm, and it will also end there. The quality of this service and its potential benefits are so great that they can never be compared to the existing Internet or mobile services. A means of communication that you can enjoy in the most convenient and easiest way! It is not out of reach in the far future anymore.

In order to help its customers prepare for the exciting future of high-speed multimedia whose key words are "Global, Mobile & Multimedia", we at SK Telecom will make every possible effort to provide the most efficient and useful services. Our efforts to satisfy the needs of our customers are never ending.



communication planet

- First interface whenever and wherever you want
- High-speed multimedia services by wireless Internet
- Various services such as information, shopping, entertainment, financial transactions, etc.
- New industrial environment such as location services, transportation, logistics, etc.
- A single global network



i.m.a.g.e.

SK Telecom will be with you making your whole world better. No matter where you are, the high-speed wireless network puts you in the center of the communication world. SK Telecom is right there, making your life a whole lot easier.



: TELEMEDIC
Provides services that allows the medical experts to stay in touch with you, so your health can be checked anywhere and anytime. You can even receive emergency treatment anyplace and anytime.



: VIDEO CONFERENCE
Allows to remain in close contact with your business and business associates, no matter where you are on the planet. Video Conferencing allows you to communicate successfully in a way that is the next best thing to face-to-face.



: TELEMEEETING
Provides personalized communication services that allow you to get together with your loved ones even when you are thousands of miles away.



: BROADCASTING
Enables you to receive real time sports events with realistic visual and audio effects which can even catch each breath and drop of sweat of the athletes. It also provides you with a variety of entertaining content such as movies, live performances, etc.



A day beginning with "m", a life changing with "e", the convenience of mobile e-commerce that saves your time. SK Telecom is stepping ahead to bring you A Mobile Digital Partner that will increase the quality of your life!



: SHOPPING
On-line shopping is available through a single handset. You can also find out about the delivery situation on a real time basis. From off-line purchase to on-line payment, you can enjoy on-line shopping.



: e-MONEY
Enables you to pay any and all of your bills through a wireless network. Its functions and service are easy to handle and accurate.

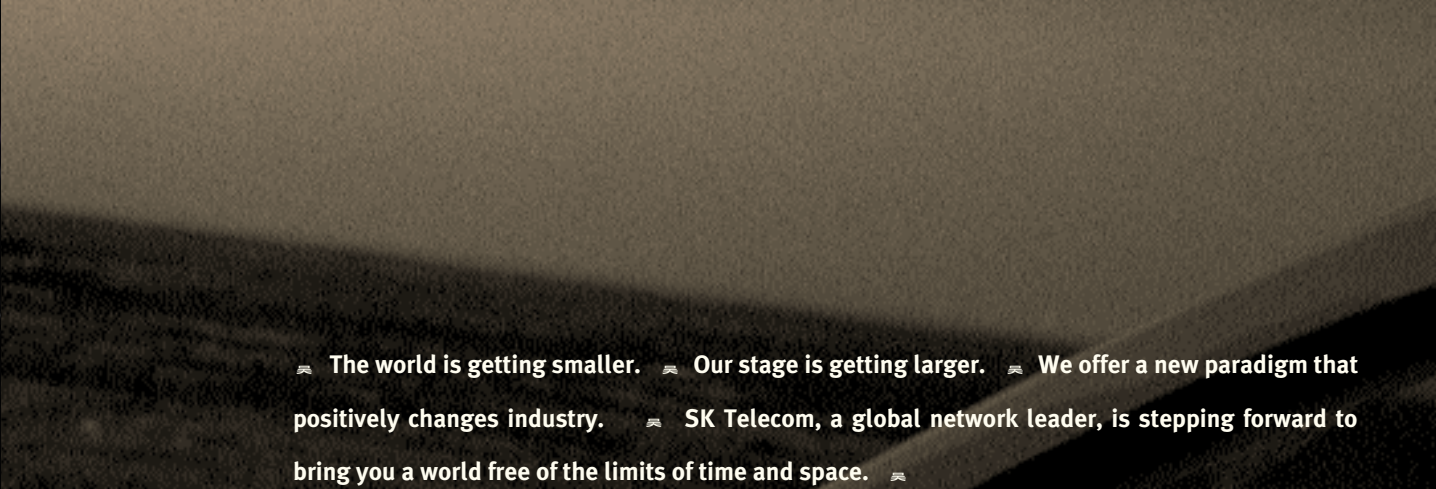


: BANKING
With a single handset you can carry out all banking transactions such as account transfers, credit card confirmation, deposit and withdrawal confirmation, etc.




: STOCK
Provides you with a variety of high quality stock information on a real time and highly accurate basis.

i.m.m.e.
d.i.a.te.




≈ The world is getting smaller. ≈ Our stage is getting larger. ≈ We offer a new paradigm that positively changes industry. ≈ SK Telecom, a global network leader, is stepping forward to bring you a world free of the limits of time and space. ≈


≈ A single interface, unlimited expandability ≈ The wireless Internet gives you a more enjoyable life.
≈ With SK Telecom, a pioneer of multimedia services, the impossible becomes possible. ≈


 : **e-mail**
You can send and receive e-mail whenever and wherever you desire. It also provides voice mail as well as image mail. You can enjoy fast and accurate mobile communication.

i . n . f . i . n . i . t . e .

i . m . m . e . n . s . e .

 : **network game**
Enables you to enjoy a variety of interactive games with the world's game mania. It provides a much more sophisticated game-playing experience than is possible on the personal computers.

 : **community**
It is an Internet community where people with similar hobbies, ages, and interests can get together, regardless of nationality, to exchange ideas and information among others.

 : **internet**
You can enjoy a wide range of Internet content with a single cellular phone.

 : **grand roaming**
Offers worldwide roaming capability. This service enables you to communicate anytime and anywhere on the planet with a single handset.

 : **gps (GLOBAL POSITIONING SYSTEM)**
Provides highly reliable location information on a real time basis. The service will bring you epoch-making improvements in your business. You can apply in fields of logistics, transportation, delivery services, etc.

 : **TELEAUTO SERVICE**
This service offers you a traffic accident prevention system by processing signals transmitted from vehicles or individuals. It also provides you with information on traffic accidents.

FINANCIAL. STRUCTURE.

In the year 2000, in spite of ceaseless changes and challenges, our accomplishments were remarkable. Thanks to our customer-oriented management and technology development-centered approach, SK Telecom achieved ₩5.76 trillion in total sales with net income of ₩950.7 billion last year and we will soon break the ₩1 trillion mark. SK Telecom will be further solidifying its position as Korea's leading and largest mobile communications operator.

The biggest change in 2000 was our acquisition of Shinsegi Telecomm.

As a precondition of allowing this, the Korea Fair Trade Commission mandated that the two company's market share of cellular phone subscribers be reduced to below 50% until June 2001. As a result, our market share slipped to 40.8% at the end of 2000 from 43.0% at the end of 1999. However, by taking over Shinsegi Telecomm we can expect enormous synergies such as effective network management, expanding coverage of frequency utilization, and collaborative marketing activities among others.

The ban on cellular handset subsidies, which started in June 2000, continues to contribute to improving our profit. Furthermore, in spite of call rates reducing by an average 13.3% as of April 2000, our ARPU (Average Revenue Per User) excluding subscription fee increased up to the level that it was before reducing the rate.

Last year, the sales of wireless data services started to be generated in a full-scale manner. Basically the sales were generated by n.Top and Short Message Service (SMS) and recorded only 2% of the total sales of our entire business. However, we are confident that wireless data services will become a major growth driver of the company's business in the near future.

The total sales for 2000 skyrocketed to ₩5.76 trillion, up 34.4% from the previous year. The cellular service sales recorded ₩4.50 trillion and the cellular phone interconnection revenue reached ₩1.14 trillion. In addition, net income totaled ₩950.7 billion, showing more than a 212.6% increase from 1999, yielding the highest profit ever. While the total sales in 2000 increased 34.4%, the company's operating expenses increased only 3.2% from 1999. As a result, the operating income and ordinary income exceeded one trillion won respectively for the first time. In particular, EBITDA for 2000 recorded ₩2.45 trillion, increasing 107.2% over 1999. This figure is substantially above the total amount of the company's facility investment, which was ₩1.83 trillion. This situation made for healthy cash flow.

In order to keep up with the rapid pace of change in the information and communication industry, SK Telecom is committed to successfully implementing the following initiatives : First, we are upgrading and adding value to cellular phone service, which continues to provide us with healthy cash flow. Second, we are strengthening our wireless data service business through a Mobile Platform and Financial Enabler which are based on 2.5-generation technology. Third, we are selectively and gradually making new investments to ensure the success of our third-generation business.

Continued innovations and our high competitiveness will help SK Telecom secure a leading role as a major world telecommunications company.

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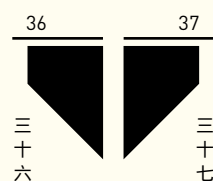
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r e m a r k a b l e r o w t h

三十五



- **January**
 - Unique customer satisfaction program called "Speedo11 Leaders Club" launched for all Speedo11 subscribers.
 - Company formed Joint Development Committee with 32 hardware and software companies for the early-stage development of a commercial IMT-2000 system.
 - The world's first international video-conference call between Korea and Japan completed using IMT-2000 system.
- **February**
 - n.TOP users get exclusive real-time access to CNN News on their handsets.
 - MOU signed with China Unicom, China's second-largest telecommunications company, for comprehensive cooperation in CDMA technology and system operation.
- **March**
 - 16th annual general shareholders' meeting held; motions passed to carry out 10:1 stock split, implement a cumulative voting system in 2003, and provide stock options for company's officers and employees.
 - World's first wireless network design & optimization system completed for IMT-2000.
- **April**
 - Permission granted from the Fair Trade Commission to acquire the equity in Shinsegi Telecomm; ₩2.7 trillion invested in acquiring a 51.19% equity share; 6.5% in new shares (5,794,920 shares at ₩286,000 each) issued to POSCO in the manner of the issuance of new shares to a third-party.
 - 10:1 stock split carried out.
 - Standard fee for cellular service dropped by 13.3% (15.4% off call charges and 11.1% off the monthly basic charges).
 - Development of Korea's first Broadband Wireless Local Loop (BWLL) system completed.
- **May**
 - World's first WAP-based credit card payment and status checking service over a mobile phones launched.
 - Enterprise Resource Planning (ERP) system installed.
 - Contract signed with Gameking, China's biggest game software development company (Shenzhen Gameking Software Co., Ltd.), to establish a joint venture for developing game software and offering game portal services.
 - Special wireless voice and data communications service package "Will B" (a new brand of Wireless Integrated Leading soLution for Business) launched for corporate users.
- **June**
 - Investment contract signed to establish Vcash (VISA Cash : e-money service consortium).
 - The Ministry of Information and Communications has banned cellular handset subsidies for new subscribers.
 - SK Telecom selected Best CDMA Operator at CommunicAsia 2000.
 - Company received Service Innovation Award from CDMA Development Group in recognition of the world's first commercialization of IS-95B system.
 - Company chosen as one of Asia's top ten mobile communications operators by Tele.com magazine (Asia edition).
- **July**
 - FreeWing, Korea's first wireless Internet modem for notebook PCs and PDAs, launched.
- **August**
 - Information Business Division of SK Telecom separated to form independent corporate body, Netsgo Co., Ltd.
 - International roaming service contract signed with NTT DoCoMo.
- **September**
 - World's first test-bed cdma2000 1x (2.5G) service launched.
 - Strategic alliance formed with edueBooks to start e-Book business.
 - Roaming system for a leased cellular phone installed and service contract signed with China Unicom.
- **October**
 - World's first commercial cdma2000-1x service launched.
 - Cooperation agreement signed with Saigon Post & Telecommunications Services Corp., Vietnam's second-largest communication service operator.
 - International roaming service contract signed with China Mobile.
- **November**
 - Cellular service contract signed, and service begun with Daghestan Cellular Network, the exclusive cellular service provider in the Republic of Daghestan.
 - Results of collaborative efforts to develop asynchronous (W-CDMA) IMT-2000 core technologies shown to the public.
 - Number of n.TOP users reaches over 4 million.
- **December**
 - SK Telecom participated in ITU Telecom Asia 2000 Exposition in Hong Kong.
 - Agreement made with 15 domestic cable TV operators to offer Syncroad, a high-speed Internet service, through fiber optic backbone.
 - Asynchronous (W-CDMA) IMT-2000 service license obtained.



(1 Analysis of 2000 Performance)

The following sections contain forward-looking statements with respect to the financial condition, results of operations and business of SK Telecom and plans and objectives of the management of SK Telecom. Statements that are not historical facts, including statements about SK Telecom's beliefs and expectations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of SK Telecom to be materially different from any future results or performance expressed or implied by such forward-looking statements. SK Telecom does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this management section, and nothing contained herein is, or shall be relied upon as, a promise, whether as to the past or the future. Such forward-looking statements were based on current plans, estimates and projections of SK Telecom and the political and economic environment in which SK Telecom will operate in the future, and therefore you should not place undue reliance on them. Forward-looking statements speak only to conditions as of the date they are made, and SK Telecom undertakes no obligation to update publicly any of them in light of new information or future events. The term "the Company" used here without any other qualifying description, will refer to "SK Telecom."

1 Overview

Korea's mobile communications industry witnessed its greatest changes ever in 2000. The number of domestic competitors in the Korea's mobile communications market grew to five after Shinsegi Telecomm was selected as Korea's second mobile communications service provider in 1996. In 2000, Korea Telecom Freetel acquired a majority equity in Hansol M.com, while the Company acquired a majority stake in Shinsegi Telecomm. As a result, the field has been narrowed to just three players, and the problem of excessive competition in Korea's mobile communications industry has been greatly relieved. This has paved the way to increase efficiencies in future investment. Moreover, the Ministry of Information and Communications has banned cellular handset subsidies for new subscribers since June 2000, greatly boosting profitability for mobile communications carriers.

Amid this rapidly changing business environment, the Company continued to upgrade the quality of existing services and develop new business models to fully satisfy customers' needs. This effort resulted in sales of ₩5.76 trillion during 2000, with net income of ₩950.7 billion, solidifying the Company's position as Korea's leading and largest mobile communications operator.

In 2000, the Company laid the groundwork for its continued growth through several highly meaningful business achievements. One was a wireless data service called n.TOP, which enables access to the Internet with the press of a button on the cellular handset. This business has virtually unlimited growth potential. Another major development was the Company's acquisition of a license to provide asynchronous (W-CDMA)IMT-2000 service. This provides the basis for a bright future for its mobile communications business.

2 Factors Influencing Business Performance

Restriction on Market Share

In April 2000, the Company purchased the 27.7% stake in Shinsegi Telecomm owned by POSCO. This acquisition made the Company the majority shareholder, with a combined equity of 51.2%.

As a precondition for the acquisition, Korea's Fair Trade Commission (FTC) required that the combined market share on the basis of the number of subscribers of SK Telecom and Shinsegi Telecomm be brought below 50% by the end of June 2001. The Company has striven to comply with this requirement. As a result, the combined market share of SK Telecom and Shinsegi Telecomm stood at 53.9% at the end of 2000, lowering from 56.8% at the end of 1999. During this period, the Company's market share was reduced from 43.0% to 40.8%, and this unavoidable circumstance had a negative impact on sales performance for the year 2000.

The Company's market share is anticipated to keep declining until the end of June 2001 but is expected to start rising again after the Company meets the requirements. If SK Telecom and Shinsegi Telecomm fail to meet the FTC's requirement by the end of June 2001, they will be obliged to pay an enforcement penalty of ₩409 million a day. However, this daily fine can vary in accordance with reasons for non-fulfillment, ranging between ₩205 million and ₩614 million. These FTC forced payments will continue until their combined market share falls below 50%.

Ban on Handset Subsidy & Tariff Cuts

Korean government policy stipulated that service providers could no longer pay cellular handset subsidies to attract new subscribers after June 2000. This measure has helped boost the Company's profitability significantly. The subsidies (including inducements to switch from analog to digital cellular handsets) paid out in 1999 totaled ₩1.57 trillion, but just ₩666.8 billion in subsidies were paid in 2000.

In April 2000, the Company dropped its basic cellular service charge per month from ₩18,000 to ₩16,000, (an 11.1% reduction) and call tariff per 10 seconds from ₩26 to ₩22 (down 15.4%). In spite of tariff cut, the average revenue per user (ARPU), excluding subscription fee, increased to a higher level than the level seen before the rate reduction.

Contribution of Wireless Data Sales

The significant increase in sales of wireless data service was achieved in the year 2000. However, since marketing efforts were restricted when the Company was forced to reduce its market share, sales of wireless data service generated by n.TOP and short message services(SMS), amounted to just 2% of total sales.

Acquisition of Equity in Shinsegi Telecomm

The Company acquired a majority share of Shinsegi Telecomm in 2000 to expand its customer base and reduce the excessive competition in the Korean mobile communications market. The acquisition is expected to create significant synergy over the mid and long-term.

First, it will allow both carriers to effectively construct and operate 2G mobile communications network through optimization of existing networks and 2.5G network through the build-up of a single communication network. In addition, the two companies will jointly take part in the consortium for the early-stage development of 3G core technology. The coverage of the current frequency bandwidth will be expanded as both carriers use the same bandwidth for cellular service. This will ensure the provision of top quality service to the customer.

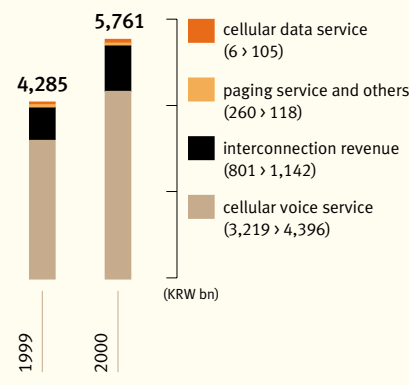
The two companies will carry out marketing activities together and enjoy greater bargaining power when purchases of handsets or system hardware are made. At the same time, as SK Telecom and Shinsegi Telecomm continue to integrate their respective networks, some additional investment will be required. However, roaming revenues will be increased, while network maintenance costs are lowered. The benefits are expected to far outweigh the initial investment.

Business Restructuring

The Company's Iridium service was discontinued in March 2000. Moreover, in September the Information Business Division, which provides Internet online services in the company, was spun off to form an independent entity called Netsgo Co., Ltd. Netsgo achieved ₩37.0 billion in sales in 2000 before the September spin-off, about the same performance as in the previous year. The closure and spin-off of these businesses affected the Company's 2000 sales and will influence sales performance in 2001 and beyond. However, the company expects the effect will be minimal.

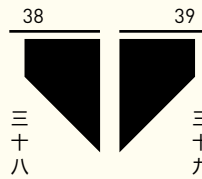
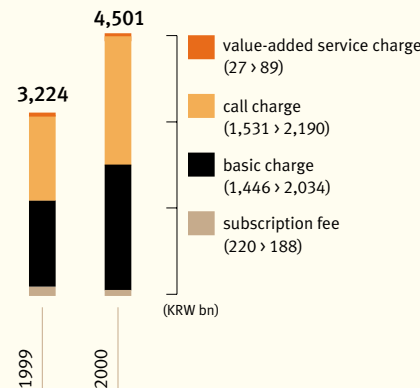
3 Sales

The Company's sales in 2000 skyrocketed to ₩5.76 trillion, up 34.4% from the ₩4.28 trillion recorded in 1999. By segment, cellular service (voice and data) sales totaled ₩4.50 trillion, showing more than a 39.6% increase from the previous year. The interconnection revenue reached ₩1.14 trillion, a 42.5% increase from 1999 thanks to the new settlement for cellular phone interconnection fees, which was applied starting in 2000. The cellular service sales break down as ₩4.40 trillion for voice services, up 36.6% year on year, and ₩104.7 billion for data services, a 19-fold increase over the previous year. Other revenue came to ₩118.1 billion, down 54.5% from the ₩259.6 billion achieved in 1999. This decreased figure was because radio paging service had been slow, and the Netsgo online service was spun off in August 2000.



Cellular Phone Service

The government-imposed restriction on market share prompted the company to begin reducing the number of subscribers to its cellular service after the second half of 2000. In spite of this situation, the yearly average number of subscribers jumped 42.5% from 7.8 million in 1999 to 11.2 million in 2000. This jump was one of the main reasons that cellular service sales in 2000 climbed 39.6% year on year to reach ₩4.50 trillion. In addition, steadily growing average revenue per user (ARPU) was an important factor in explaining the increase in the Company's sales. Although cellular service rates were reduced an average of 13.3% in April 2000(15.4% for the call charge and 11.1% for the basic charge), monthly minutes of usage (MOU) per cellular voice user has increased from 134 in 1998 to 143 in 1999 and 159 in 2000. ("MOU" refers only to calls made by the user.) The quantitative growth in 2000 was coupled with qualitative growth, as the Company made the requisites for service cancellation become stricter for marginal subscribers.



Wireless Data Service

Voice service represented 99.8% of all cellular service revenue (except for interconnection fees) in 1999, but in 2000 sales from the n.TOP wireless data service began to contribute significantly to overall sales. The data service (including short message service) sales for 2000 skyrocketed to ₩104.7 billion from just ₩5.5 billion in 1999. This figure comprised 2.3% of total cellular service sales for the year. This sharp increase was due to the growing use of entertainment content by young users. A total of 4.81 million cellular handsets with wireless data access functions were sold in the year 2000, a 10-fold increase over the 480 thousand sold in 1999. The number of flat rate users for wireless data service came to 896,000, or 18.6% of all the users of handsets with the n.TOP access capability.

The rapid growth in n.TOP service stems from the outstanding contents available. As of the end of 2000, a total of 231 content providers were offering 4,174 different types of content through the n.TOP service, twenty times more than what was available at the beginning of the year. Wireless data service sales are expected to continue growing in the future, as more handsets capable of wireless data access are sold and the content base keeps expanding. The introduction of packet-based pricing system is also expected to bring a sharp increase in the relative position of wireless data service sales within the cellular service revenue spectrum.

Interconnection Revenue

Interconnection revenue came to ₩1.14 trillion in 2000, up 42.5% from the ₩801.0 billion recorded in the previous year. This jump is attributed to the increasing revenue of Mobile-to-Mobile (M-M) connections in accordance with the new settlement for connecting calls among different mobile communications service providers. Namely, this sharp increase came from the new cash generation of ₩352.2 billion of M-M interconnection revenue. On the other hand, interconnection revenue from fixed line to mobile networks (L-M) dropped 1.4% during the same period, from ₩801.0 billion in 1999 to ₩789.6 billion in 2000. This is because a new calculation formula for L-M connection fees was set with Korea Telecom, lowering the revenue from ₩100.14 per minute in 1999 to just ₩68.94 in 2000. Despite the sharp reduction in L-M charge per minute, the revenue decreased just 1.4%. This is because its absolute call traffic volume continued to increase (from 15.03 billion minutes in 1998 to 24.05 billion minutes in 1999 and 37.13 billion minutes in 2000), while the portion of L-M calls was steadily dropping (from 38.5% in 1998 to 34.5% in 1999 and 30.2% in 2000).

Paging Service

The rapid spread of mobile phones has caused the number of pager users to plummet (from 1.45 million at the end of 1999 to 372,000 a year later), and fewer people now use pagers regularly than in the past. Pager service revenue was ₩58.0 billion in 2000, a 73.0% drop year on year. The 2000 figure is just one-tenth the ₩559.0 billion in pager service sales recorded in 1998 and accounted for only 1.0% of total Company sales for the year.

4 Income

Net income in 2000 reached a record ₩950.7 billion, increasing 212.6% over 1999, yielding the highest profit ever in the history of the Company. Sales in 2000 increased 34.4% from the previous year, while operating expenses only rose 3.2% because handset subsidies were abolished (among other factors). Thus, operating income, which was just 6.7% of sales in 1999, greatly improved to 28.4% of sales in 2000. In spite of deterioration in the net non-operating balance, ordinary income increased 12.6 percentage points to reach 23.6%.

	1999	Pct. of Sales	2000	YoY Increase	Pct. of Sales
Operating Revenue	4,284.9	100.0	5,760.9	34.4	100.0
Operating Expenses	3,996.2	93.3	4,124.8	3.2	71.6
Labor cost	174.1	4.1	189.8	9.0	3.3
Marketing expenses	2,227.2	52.0	1,404.9	(36.9)	24.4
(Handset subsidies)	1,572.9	36.7	666.8	(57.6)	11.6
Depreciation	670.5	15.6	911.3	35.9	15.8
Leased line expenses	198.7	4.6	207.0	4.2	3.6
Interconnection revenue	140.2	3.3	624.2	345.3	10.8
Other	585.5	13.7	787.7	34.5	13.7
Operating Income	288.7	6.7	1,636.1	466.7	28.4
Non-operating Income	428.7	10.0	183.6	(57.2)	3.2
Non-operating Expenses	244.6	5.7	458.8	87.6	8.0
Ordinary Income	472.8	11.0	1,360.9	187.8	23.6
Income before Taxes	401.6	9.4	1,360.9	238.8	23.6
Income Tax	97.5	2.3	410.3	320.9	7.1
Net Income	304.2	7.1	950.7	212.6	16.5
Income Tax Rate	24.3		30.1		

(KRW bn, %)

Operating Income & Operating Expenses

Operating income for 2000 skyrocketed to ₩1.64 trillion, up 466.7% from the previous year. The reason for this startling growth was a 34.4% jump in sales coupled with a mere 3.2% rise in operating expenses. Thus, the percentage of operating expenses to total sales dropped from 93.3% in 1999 to 71.6% in 2000, boosting the operating income margin by 21.7 percentage points. In spite of greatly increased interconnection expenses, the vast improvement in operating income came because marketing expenses were reduced and various other expenses did not increase appreciably.

Marketing expenses plummeted from ₩2.23 trillion in 1999 to only ₩1.40 trillion in 2000, even though ₩45.8 billion more was spent on advertising. The abolition of handset subsidies was the main reason for this. A total of ₩1.57 trillion was spent for handset subsidies in 1999, but that figure dropped to just ₩666.8 billion in 2000, a decrease of ₩906.1 billion from the previous year. Handset subsidies paid in 1999 were equivalent to 36.7% of total sales in 1999 but just 11.6% of total sales in 2000, having been banned in June.

On the other hand, interconnection expenses soared 345.6% year on year to reach ₩624.3 billion in 2000. Mobile to fixed line (M-L) interconnection expenses increased 53.7% to reach ₩215.4 billion, including a ₩75.9 billion universal service obligation expense (USOE) and ₩14.2 billion special service obligation. Moreover, mobile-to-mobile (M-M) network connections emerged as a new expense in 2000 and came to ₩408.9 billion.

Subtracting the interconnection expenses from the ₩1.14 trillion in interconnection revenue in 2000 leaves a net interconnection revenue of ₩517.5 billion, which was 21.7% lower than the 1999 figure of ₩660.9 billion. However, the Company does not expect that there will be a sudden drop in net interconnection revenue in the future. The sharp drop in net interconnection revenue was due to two factors. In 2000, a USOE which did not exist a year earlier, amounting to ₩75.9 billion raised interconnection expenses. In addition, the much lower fee per minute from fixed line-to-wireless (L-M) connections caused the drop in interconnection revenue in 2000. The Company expects that the USOE will continue in accordance with government policy in the future.

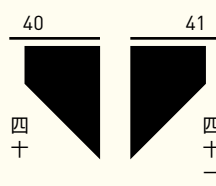
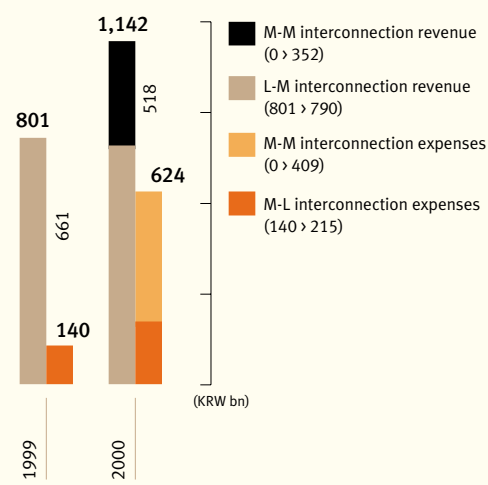
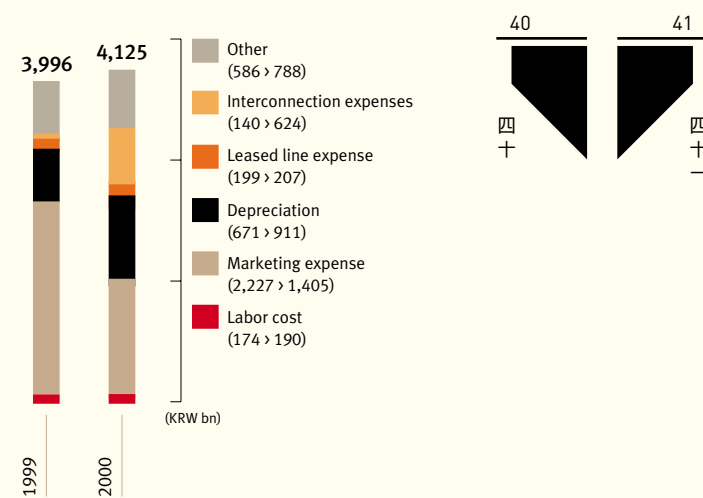
Last year, facility investment (based on the execution of the investment budget) totaled ₩1.83 trillion, an increase of ₩782.4 billion over 1999, driving depreciation expense up ₩240.8 billion year on year to reach ₩911.3 billion. That is to say, the depreciation expense increased due to the fact that the Company invested ₩401.6 billion in new cdma2000 1x networks and spent ₩1.04 trillion on IS-95 A/B networks in 2000.

Other expenses such as labor and leased line were somewhat higher in 2000 than a year earlier, but they did not increase at the same rate that sales did. Meanwhile, the Company continues to invest in research and development to promote the future business in the field of mobile communications. A total of ₩124.9 billion was invested in R&D in 2000, and ₩63.5 billion of this total was appropriated for ordinary R&D expenses. (In 1999, ₩66.3 billion of the ₩101.2 billion R&D outlay was in the ordinary R&D expense category.)

Non-operating Income, Non-operating Expenses/Ordinary Income

The ordinary income margin improved 12.6 percentage points to 23.6% in 2000, compared with 11.0% in 1999. In 2000, ordinary income jumped 187.8% year on year to ₩1.36 trillion, the first time ever that ordinary income has broken the ₩1 trillion mark.

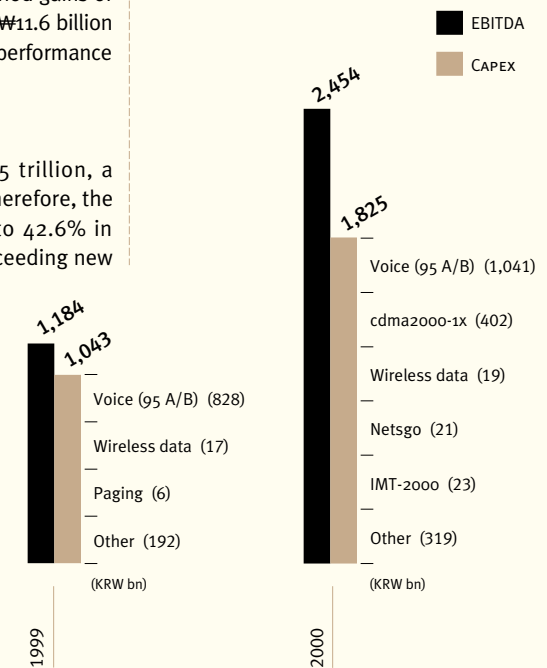
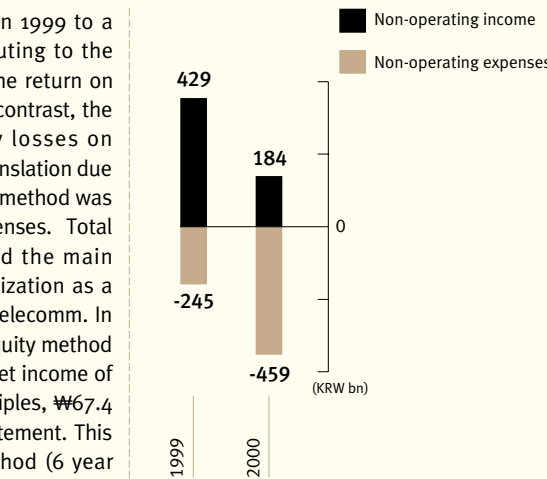
Non-operating income in 2000 came to ₩183.6 billion, down 57.2% from the previous year, while non-operating expenses leaped 87.6% year on year to ₩458.8 billion. In this connection, the net non-operating income (subtracting non-operating expenses from non-



operating income) dropped from a ₩184.1 billion gain in 1999 to a ₩275.2 billion loss in 2000. The main factors contributing to the plummeting non-operating income were a lower rate in the return on financial instruments and their lower average balance. By contrast, the increase of non-operating expenses was caused by losses on disposition of tangible assets, losses on foreign currency translation due to rising exchange rates, and in particular, losses on equity method was the main contributor to the increase of non-operating expenses. Total losses on equity method reached ₩159.9 billion, and the main contributing factor was ₩109.5 billion of goodwill amortization as a result of the Company's acquisition of equity in Shinsegi Telecomm. In addition, ₩67.4 billion of loss was reflected by losses on equity method of Shinsegi Telecomm. Although Shinsegi Telecomm had net income of ₩40.0 billion in 2000 according to its own accounting principles, ₩67.4 billion was recorded as a loss in SK Telecom's income statement. This was because the Company applied its depreciation method (6 year declining balance method) to Shinsegi Telecomm's depreciation (8 year straight line method). In the event of setting aside the effect of Shinsegi Telecomm's equity method, the Company made equity method gains of ₩4.9 billion for SK Teletech, ₩8.2 billion for SK Telink and ₩11.6 billion for SK C&C. These gains were affected by the strong sales performance at the above-mentioned subsidiary companies.

EBITDA

EBITDA in 2000 recorded ₩2.45 trillion, a 107.2% increase over the ₩1.18 trillion posted in 1999. Therefore, the EBITDA margin greatly improved from 27.6% in 1999 to 42.6% in 2000. The EBITDA ensured a strong cash flow, greatly exceeding new facilities investment totaling ₩1.83 in 2000.



Income Taxes / Net income

The Company's net income totaled ₩950.7 billion in 2000, a 212.6% increase from the previous year. The net income margin, which stood at 7.1% in 1999, improved dramatically to 16.5% in 2000. Earnings per share (EPS) was ₩4,134 (after applying the stock split) in 1999, while that figures increased 163.6% to reach ₩10,899 in 2000. The effective income tax rate was 24.3% in 1999, but adjustments in income and expense for tax accounting brought the effective income tax rate up to 30.1% for the year. However, much higher ordinary income and income before tax resulted in the vastly improved net income margin.

5 Analysis of Financial Position

Cash & Marketable Securities

The Korean government's ban on handset subsidy, which was implemented in June 2000, effectively freed up additional cash for the Company. As a result, the Company's cash and marketable securities reached ₩1.23 trillion at the end of 2000,

an increase of ₩680.7 billion from a year earlier. This cash amount is more than sufficient for future facility investment and R&D expenditures.

Current Assets Related to Business

Activities

Although operating revenue grew 34.4% YoY in 2000, the Company's total accounts receivables (before the allowance for doubtful accounts) decreased slightly from ₩899.1 billion at the end of 1999 to ₩885.3 billion at the end of 2000. The Company attributes this contraction in receivables to a more efficient management of bill collection activities. The Company has applied significant efforts to lower the number of delinquent subscribers, raising its collection rate from 96.9% of outstanding bills in the first half of 2000 to 97.5% during the second half. The average bill collection rate for the entire year was 97.2%, up 0.7 percentage points from the previous year.

Unpaid pager service bills also decreased, and overall receivables fell when the Information Business Division (Netsgo) was spun off, as ₩9.2 billion of the receivables were transferred to the spun-off entity.

The Company's other accounts receivable (before the allowance for doubtful accounts) also decreased from ₩246.0 billion in 1999 to ₩194.1 billion in 2000. This category primarily represents money still owed by customers on installment purchase of handsets. The drop was due in part to the market share restriction imposed by the Fair Trade Commission (FTC) in the wake of the Company's acquisition of Shinsegi Telecomm. Accordingly, fewer handsets were sold on an installment payment basis and these other accounts receivable decreased in line.

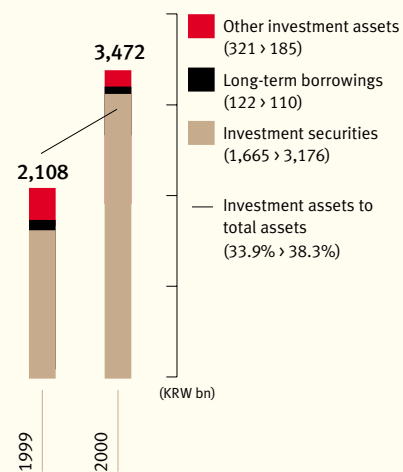
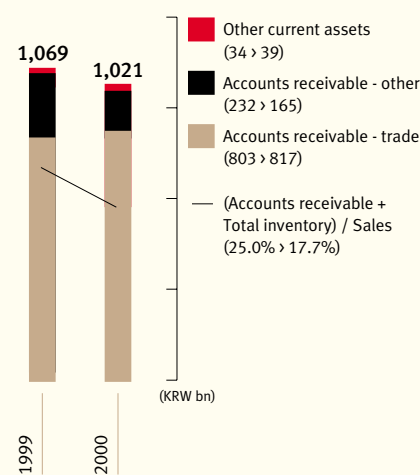
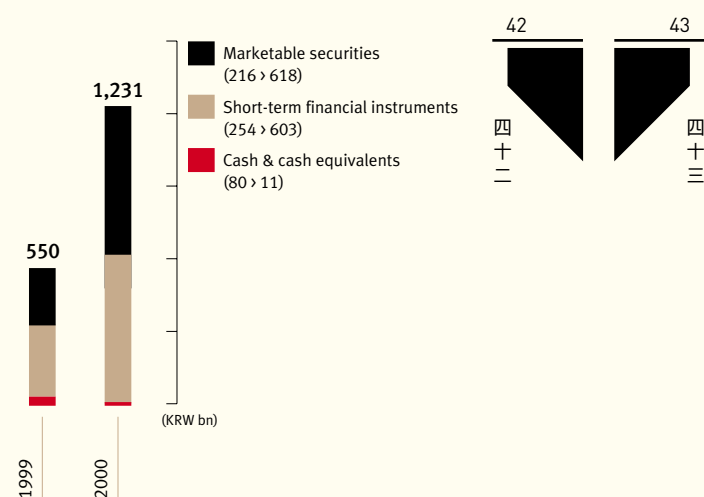
Thus, current assets other than cash and marketable securities that are related to business (trade accounts receivable, other accounts receivable, inventories, etc.) decreased slightly from ₩1.07 trillion in 1999 to ₩1.02 trillion in 2000. The total for this category was equivalent to 25.0% of total sales in 1999, but just 17.7% of total sales in 2000. The change, which stemmed from better management of working capital, improved the Company's short-term liquidity.

Investment Assets

The Company purchased an additional 27.7% equity share of Shinsegi Telecomm and a 5% stake in Powercomm, a subsidiary of Korea Electric Power Corp. (KEPCO), in 2000. These acquisitions significantly increased the total amount of investment securities from ₩1.67 trillion in 1999 to ₩3.18 trillion in 2000. However, the Company's purchase of POSCO's stake in Shinsegi Telecomm was carried out through a stock swap involving the issuance of additional Company shares, and thus did not involve cash outlay. The Company issued a total of 5,794,920 shares as a private placement to POSCO, causing a dilution of 7%. The Company initially purchased a 23.5% stake in Shinsegi Telecomm from Kolon Industries Inc. in 1999, and the purchase of POSCO's stake in 2000 brings the Company's total equity shareholding in Shinsegi Telecomm to 51.2%. The 5% stake in Powercomm was purchased for ₩240.3 billion in cash.

The acquisition of Shinsegi Telecomm stock, meanwhile, requires the Company to appropriate amortization of goodwill each year to account for the difference between the purchase price and Shinsegi's net asset value. The recognized goodwill amortization totaled ₩109.5 billion in 2000.

The Company's long-term loans, generally one year or longer in maturity, consist of those loans extended for the purpose of building retail outlets and fulfilling these outlets' working capital



needs. The market share restriction in 2000 slowed the increase in the number of both new subscribers and retail outlets, so long-term loans (before the allowance for doubtful accounts) rose only slightly from ₩123.6 billion in 1999 to ₩128.0 billion in 2000.

Tangible & Intangible Assets

Facility investment rose sharply in 2000 to ₩1.83 trillion from ₩782.4 billion in 1999 (based on the execution of the investment budget), as the Company laid the groundwork for next-generation communications services and worked to improve call quality. A total of ₩1.04 trillion was spent to expand IS-95A/B systems in order to improve the quality of existing cellular services, while ₩401.6 billion was invested in cdma2000 1x hardware in preparation for next-generation technology platforms. Investment in paging services came to ₩19.2 billion and R&D for IMT-2000 reached ₩23.2 billion. These investments increased the total amount of construction-in-progress by ₩555.4 billion to ₩832.8 billion in 2000. Acquisition of the new Head Office building required an additional outlay of ₩126.0 billion. After appropriating ₩911.3 billion for depreciation, the Company's total tangible assets increased from ₩2.42 trillion in 1999 to ₩3.25 trillion in 2000.

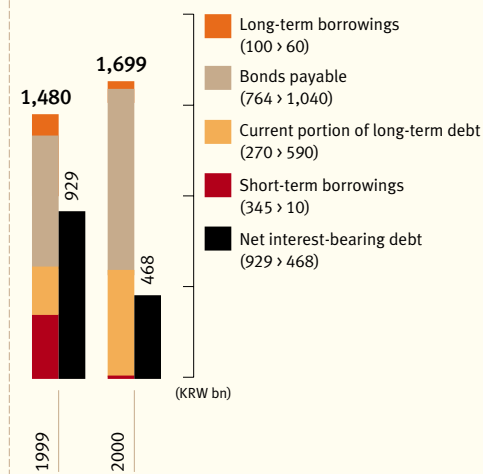
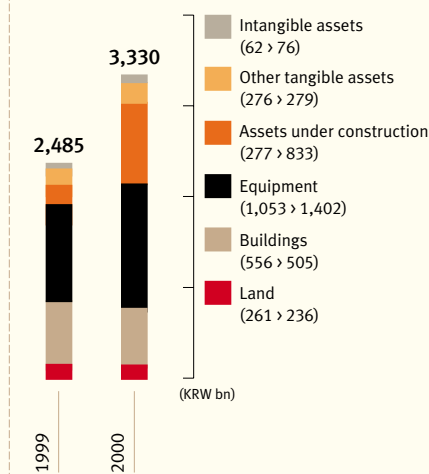
The Company's intangible assets also grew from ₩61.5 billion to ₩75.7 billion. This increase was mainly due to higher development costs related to investment in the ERP system.

Interest-bearing Debt

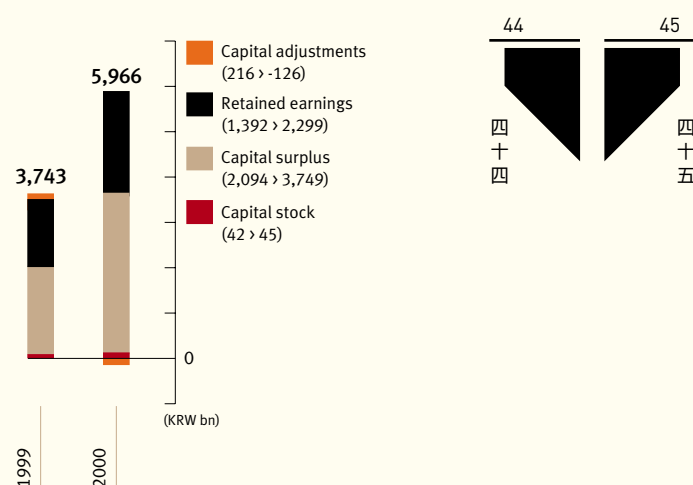
Short-term liquidity improved in line with an increase in cash flow, allowing the Company to repay ₩335.0 billion in short-term borrowings in 2000. However, ₩800.0 billion in corporate bonds were issued in the second half to finance the acquisition of Powercomm shares and payments to be made to the government for the IMT-2000 license. As a result, long-term borrowings, including bonds and current portion of long-term debt, increased ₩554.4 billion year on year to ₩1.69 trillion. As a result, the Company's interest-bearing debt grew from ₩1.48 trillion in 1999 to ₩1.70 trillion in 2000. Considering the Company's cash holdings and short-term marketable securities, however, net interest-bearing debt actually declined around 50% year on year, from ₩929.1 billion in 1999 to ₩467.8 billion in 2000.

Shareholders' Equity

As mentioned above, 5,794,920 new shares were issued at ₩286,000 per share as a private placement to POSCO in exchange for shares in Shinsegi Telecomm. The Company's capital stock grew about 7.0% year on year, from ₩41.7 billion in 1999 to ₩44.5 billion in 2000. Paid-in capital in excess of par value,



meanwhile, increased 79.5% from ₩2.08 trillion in 1999 to ₩3.74 trillion in 2000. The bearish Korean stock market in 2000 caused the market price of the Company's shareholdings in Digital Chosun and Hanaro Telecom to fall. The ₩121.3 billion in valuation loss on investment securities was appropriated as a capital adjustment. The Company's shareholders' equity increased 59.4% year on year, from ₩3.74 trillion in 1999 to ₩5.97 trillion in 2000.

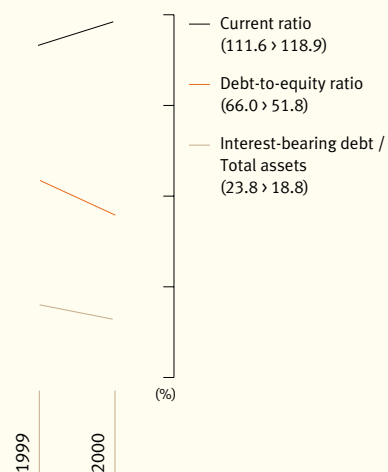


Financial Structure & Credit Rating

The Company's financial structure has strengthened steadily as a result of stable operation and improving profitability. The current ratio increased from 111.6% in 1999 to 118.9% in 2000, while the debt-to-equity ratio fell from 66.0% to just 51.8%. As a result, both short-term liquidity and the overall financial structure improved. Reliance on borrowings (interest-bearing debt/total assets) also lessened from 23.8% to 18.8%.

Following Korea's foreign currency crisis at the end of 1997, Standard & Poor's (S&P) downgraded the rating of the Company's long-term foreign-currency-denominated bonds to B+. However, after Korea's subsequent economic recovery, coupled with the Company's robust growth and stable financial structure, S&P revised its rating on the Company upward to BBB- in early 1999 and then to BBB at the end of the year. S&P's outlook on the Company was upgraded to "positive" in early 2000.

Moody's rating, meanwhile, dropped to Ba1 at the end of 1997 and remained unchanged until the end of 2000 when the Company's outlook was improved to the "possible upgrade" status. Based on this new status, the Company expects to see an upgrade of its credit rating by Moody's any time soon.

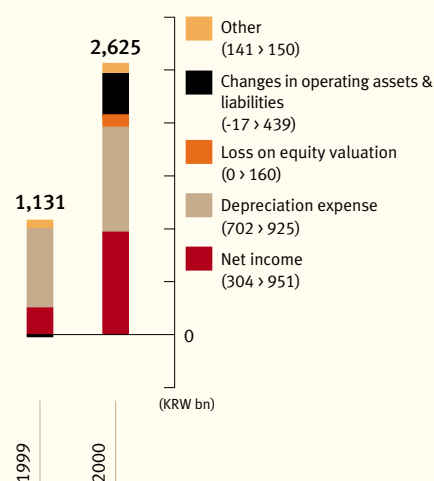


6 Analysis of Cash Flows

Cash Flows from Operating Activities

Cash flow generated by the Company's operating activities increased 132.2% year on year to ₩2.62 trillion. This was boosted by the increase in net income from ₩304.2 billion in 1999 to ₩950.7 billion in 2000 and depreciation expense from ₩701.9 billion to ₩924.7 billion. The ₩159.9 billion in equity method losses stemming from Shinsegi's goodwill amortization also helped increase cash flow from operating activities. Meanwhile, the extent of the Company's foreign currency assets and debt is limited, so the sharp depreciation of the Won at the end of 2000 had little impact on cash flow.

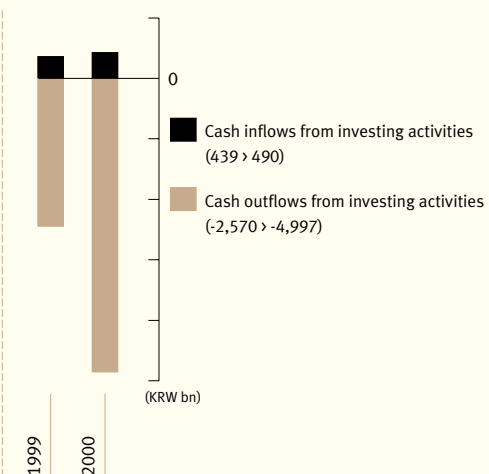
Efficient management of working capital yielded a ₩439.2 billion in operating cash flow resulting from changes in assets and liabilities related to operating activities. Current assets related to operating activities excluding cash and securities (i.e. trade accounts receivable, other accounts receivable, inventories, etc.) edged down slightly in 2000 in spite of the increase in total sales for the year. On the other hand, current liabilities related to operating activities excluding short-term borrowings and current portion of long-term debt (i.e. accounts payable, expenses on accounts



payable, income taxes payable, etc.) increased from ₩898.9 billion in 1999 to ₩1.29 trillion in 2000, which helped improve cash flow from operating activities. However, given that ₩272.8 billion of income taxes payable contributed to operating cash flow in 2000, the improvement of operating cash flow by this amount should be offset when income taxes are paid in 2001.

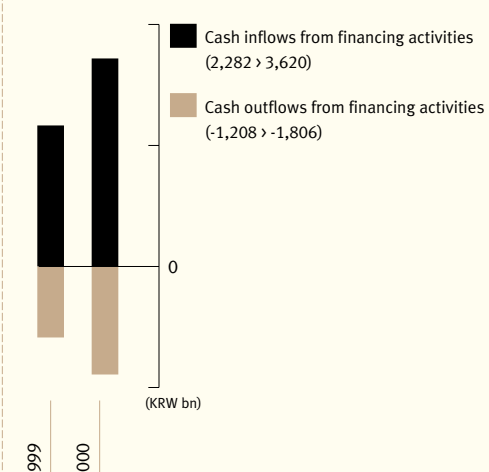
Cash Flows from Investing Activities

Cash flows from investing activities more than doubled from ₩2.13 trillion in 1999 to ₩4.51 trillion in 2000 as a result of increased investment in new facilities and acquisition of investment securities. During 2000, the Company invested ₩1.79 trillion (net amount on the cash flow statement) in new facilities and paid out ₩1.97 trillion (net amount on the cash flow statement) for investment securities including Powercomm and Shinsegi Telecomm shares. In addition, a ₩744.0 billion net increase in short-term financial instruments and short-term marketable securities was included in cash flows from investment activities.



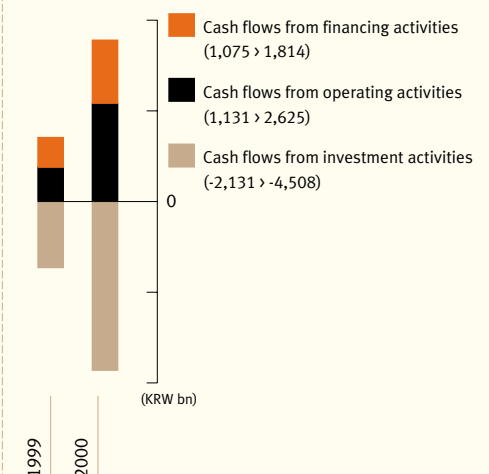
Cash Flows from Financing Activities

Cash flows from financing activities increased from ₩1.07 trillion in 1999 to ₩1.81 trillion in 2000. The Company repaid ₩335.0 billion in short-term borrowings and ₩273.6 billion in long-term borrowings, while the common stock issued to purchase Shinsegi Telecomm shares raised ₩1.66 trillion. And a corporate bond issue raised ₩786.8 billion to pay for the Powercom shares and payment to the Korean government for the IMT-2000 license.



Changes in Cash

During 2000, ₩2.62 trillion in cash inflow from operating activities and ₩1.81 trillion in cash inflow from financing activities were offset by cash outflow of ₩4.51 trillion for investment activities. On a net basis, cash and cash equivalents decreased ₩69.4 billion from 1999 to ₩10.8 billion at the end of 2000. However, broadly-defined cash and cash equivalents (including financial instruments and marketable securities) more than doubled from ₩550.4 billion in 1999 to ₩1.23 trillion in 2000.



7 Dividends

The Company paid dividends equal to 108% of the stock's par value in 2000. This was the highest dividend rate in Korea to date, but the total dividends amounted to ₩48.1 billion, representing a payout ratio of 5.1%, the same as in 1999. Dividend yield was 0.21% based

on the share price of ₩253,000 at the end of 2000, much higher than the 0.05% posted a year earlier.

Corporate Strategy & Business Outlook

SK Telecom has been striving to make the most appropriate business plan by considering the current general economic situation, business environment and the Company's current status among others. The following section briefly presents the SK Telecom's basic strategy and business outlook for 2001.

1 Corporate Strategy

The information & communications industry is rapidly being restructured around the Internet and digital technology. In this changing environment, we are seeking to emerge as a major world player in the information and communications areas by enhancing our competitiveness and making continued innovations. In order to accomplish this ambitious vision, SK Telecom is committed to successfully implementing the following initiatives : First, we are adding higher value to the existing cellular phone service. Second, we are strengthening our wireless data service business through a Mobile Platform and Financial Enabler. Third, we are selectively and gradually making new investments to ensure the success of our third-generation business.

Cellular Services : New Value Creation to Generate Healthy Cash Flow

The market penetration rate of cellular service had reached only 7% when Shinsegi Telecomm entered the market in 1996. This figure skyrocketed to 57% as of the end of 2000 as the market attained maturity. It seems that the cellular voice communications market will continue to grow in the future, but not as fast as before. We forecast that the market penetration ratio will reach 67% by 2003 and rise to between 75% and 80% in the long run. With this in mind, SK Telecom is adding higher value to the existing cellular services in order to keep generating strong cash flows.

For example, our MOU and ARPU are expected to grow through our Caller ID Service, which is scheduled for launch on May 1, 2001. In addition, we will continue to strengthen cooperative ties with other service providers such as partners in the OK Cashbag Incentive Program. In other words, SK Telecom is shifting its focus from quantitative customer base expansion, to high quality value-added services to the present and future customers.

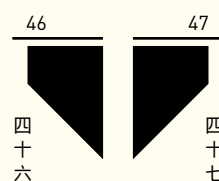
Wireless Data & 2.5G Network Services: the New Growth Engine

Wireless data and 2.5-generation (cdma2000 1x) services have emerged as a new engine for driving the high growth rate that we have enjoyed in the past from cellular services. In 2000, SK Telecom invested ₩19.2 billion in wireless data service and ₩401.6 billion in cdma2000 1x service, and in particular the sales of wireless data service started to be generated in a significant manner. Even though the sales of this service reached only about 2% in 2000 of the total sales of our entire business, we are certain that this service will become a new growth engine of our business in the near future. SK Telecom is concentrating corporate resources on wireless data service because the service is well suited for the domestic mobile communications environment and the possibilities for its application are unlimited. In terms of environmental factors, already 57% of all Koreans have a mobile phone, and domestic users quickly respond to changing technology and services.

The data usage environment is also very user friendly. As of the end of 2000, 48.3% of all Korean households owned a PC, and 40.5% of these had online access; moreover, 22.3% of all Internet users had high-speed connections. These figures suggest a very rich environment for wireless data service and give the service unlimited potential. As of the end of 2000, a full 40% of all the Company's cellular service subscribers were wireless data service users with multimedia handsets capable of accessing text data, and that figure is expected to double within three years. Over the same period, the wireless data ARPU is predicted to rise from ₩1,400 to ₩7,000.

We have embraced two major strategies concerning this powerful new business. The first is to increase the customer use of wireless data services based on the present subscribers of cellular voice service. To this end, SK Telecom will continue to invest in improving wireless interfaces such as WAP, voice portals, etc., thereby raising user friendliness. Marketing will also be focused at specific user segments, with entertainment-oriented content for the youth market and practical information-oriented content for the older users. Corporate clients will be offered content related to their business activities through Personal Digital Assistants (PDA) and Vehicle-Mounted Terminals (VMT).

The other major strategy is to boost MOU and ARPU by forming strategic alliances with wire-based content service providers to offer content that encompass both wired and wireless networks. We will provide highly popular contents such as stock trading, e-mail, games, animation, and Karaoke among other offerings by enhancing cooperative ties with the best content suppliers. New value-added services based on Video On Demand (VOD), Audio On Demand (AOD) and Game Virtual Machines (GVM) will be developed, as well as business-specific solutions such as applications for retailers and insurance companies. Such new offerings are sure to boost MOU and ARPU.



SK Telecom is scheduled to launch cdma2000 1x services in 2001. The strategy regarding cdma2000 1x is as follows: Investment in 2.5G technology is essential to support rapidly growing wireless data services, so we laid out ₩401.6 billion in 2000 and have earmarked ₩850 billion for the 2.5G investments this year. The 2.5G services can be divided into two main categories. The first is the wireless platform for handsets, applied solutions and content. The growth of this area is seen to be CAGR of 203% through 2003, when the wireless platform market is expected to be worth ₩5.7 trillion. This market will consist of call charges, information use charges, e-commerce transaction fees, and advertising revenue among others. First of all, our wireless platform business area will expand beyond cellular phones to include PDAs and VMTs. Later on, it will also embrace PCs, TVs and other wired terminals. Our ultimate objective is to provide access to any kind of information through any type of device available.

The second 2.5G service category is the financial enabler, a new financial enabling service through wired and wireless network infrastructure focusing on areas such as e-money, billing system and e-commerce among others. This market is projected to grow 13.5% of CAGR over the mid-term and its entire market size is expected to reach ₩1.4 trillion by 2005. The main areas of this business are Electronic Bill Presentation & Payment (EBPP), integrated billing, e-money, and On-Line Financial Service (OLFS) among others.

3G: Selective, Gradual Investment

SK Telecom owns 56.6% of SK IMT, which has the license to offer asynchronous (W-CDMA) IMT-2000 services and will be the vehicle for the Company to break into 3G. The current government plan is to launch commercial IMT-2000 service in May 2002, but the prospects of meeting this deadline are slim, given the current technological level of handsets and systems. In this context, we are taking a cautious attitude in the deployment of 3G. That is to say, we will be first concentrating on recouping its 2.5G investments. Right now, most investments in 2.5G are aimed at realizing high-speed wireless data services.

Once 3G has technologically stabilized and 3G surpasses 2.5G, then we will launch IMT-2000 services in a full-fledged manner. SK Telecom is investing first in 2.5G to secure the leading position in high-speed wireless data services. Once cash flows have been improved sufficiently, it will be used to finance investment in 3G.

SK Telecom will move ahead with a plan to merge with SK IMT in accordance with legal procedures. Currently Korea's Telecommunications Law prohibits companies from transferring their service licenses to other companies within three years after the frequency is granted. After the legal barrier is removed and the shareholders approve a merger, we will positively consider a merger as one option for proceeding most efficiently with the IMT-2000 service.

2 Business Outlook

Overall business conditions in 2001 are expected to be less favorable than they were in 2000. Economic slowdowns in the U.S., Japan and other advanced markets will affect Korean exports which have such a strong impact on the domestic economy. Furthermore, sluggish demand will be followed by domestic business restructuring and economic contraction. Therefore, we expect growth in cellular service to slow somewhat and the year on year sales increase to be below 10%.

In addition to above-mentioned negative factors both domestically and overseas, SK Telecom is obliged to bring its combined market share with Shinsegi Telecomm to below 50% by the end of June 2001, which will slow sales even further in the first half. However, instead of quantitative growth overall, increased sales in wireless data services will contribute to our qualitative growth this year. Wireless data service sales should increase from the 2% of total sales recorded in 2000 to 5% of total sales in 2001.

On the other hand, net income and EBITDA are expected to remain about the same as they were in 2000. Numerous variable factors make a precise performance prediction difficult. Our business prospects described here are based on the assumption that there are no call tariff changes and relaxation of the handset subsidy ban for the second half of this year. Therefore, in case any of these assumptions happen to change, our projections, plans, and predictions, among other factors are subject to later change.

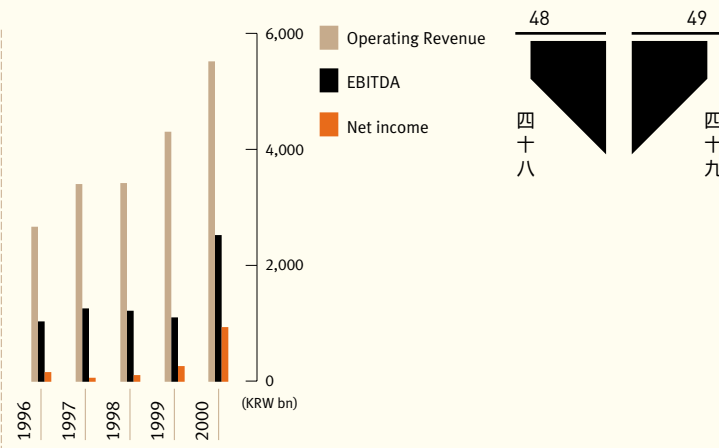
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Summarized Income Statement

	1996	1997	1998	1999	2000
Operating Revenue	2,676.0	3,512.0	3,545.2	4,284.9	5,760.9
Operating Expenses	2,213.9	2,927.8	3,051.1	3,996.2	4,124.8
Operating Income	462.1	584.2	494.1	288.7	1,636.1
Non-operating Income	119.9	195.7	313.7	428.7	183.6
Non-operating Expenses	214.0	611.4	414.0	244.6	458.8
Ordinary Income	367.9	168.6	393.8	472.8	1,360.9
Net Income	195.5	113.6	151.3	304.2	950.7
EBITDA	1,173.9	1,391.9	1,358.2	1,183.9	2,453.5

(EBITDA = ordinary income + net interest paid + net foreign exchange loss + depreciation of tangible & intangible assets)

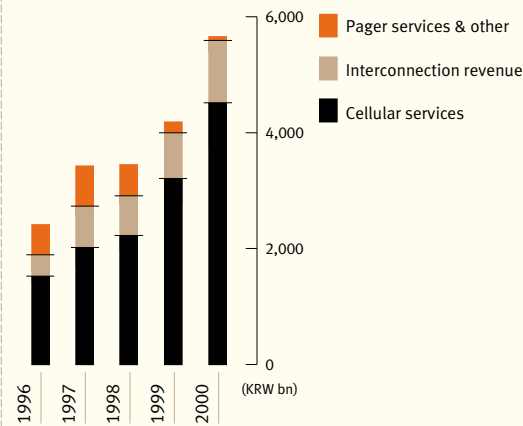
(KRW bn)



Total Sales Breakdown

	1996	1997	1998	1999	2000
Cellular Services	1,566.7	2,083.8	2,214.1	3,224.3	4,501.0
Interconnection Revenue	342.1	696.9	729.4	801.0	1,141.8
Pager Services & Other	767.2	731.3	601.7	259.6	118.1
Total	2,676.0	3,512.0	3,545.2	4,284.9	5,760.9

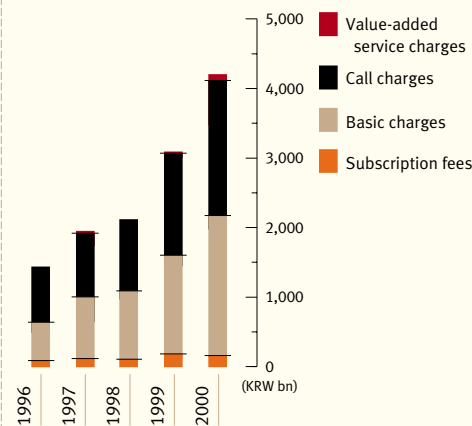
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Cellular Service Sales Breakdown

	1996	1997	1998	1999	2000
Subscription Fees	107.7	157.8	140.8	219.9	187.9
Basic Charges	601.2	869	1,013.3	1,446.2	2,034.2
Call Charges	849.2	1,029.8	1,078.0	1,530.8	2,190.1
Value-added Service Charges	8.6	27.2	9.6	27.4	88.8
Total	1,566.7	2,083.8	2,241.7	3,224.3	4,501.0

(KRW bn)

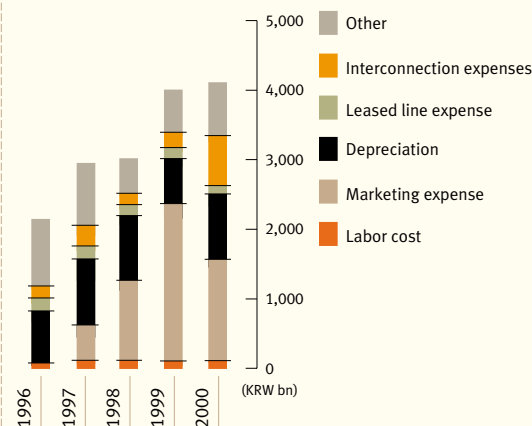


Operating Expenses Breakdown

	1996	1997	1998	1999	2000
Labor Cost	149.0	170.3	196.2	174.1	189.8
Marketing Expense	539.4	1,121.0	2,227.2	1,404.9	1,404.9
(*Handset Subsidies)	485.3	728.3	1,572.9	666.8	666.8
Depreciation	770.4	877.5	917.7	670.5	911.3
Leased Line Expense	143.6	222.2	212.8	198.7	207.0
Interconnection Expenses	162.5	288.2	60.5	140.2	624.2
Others	988.4	830.2	542.9	584.5	787.7
Operating Expenses	2,213.9	2,927.8	3,051.1	3,996.2	4,124.8

(*Including conversion subsidies from analog to digital)

(KRW bn)

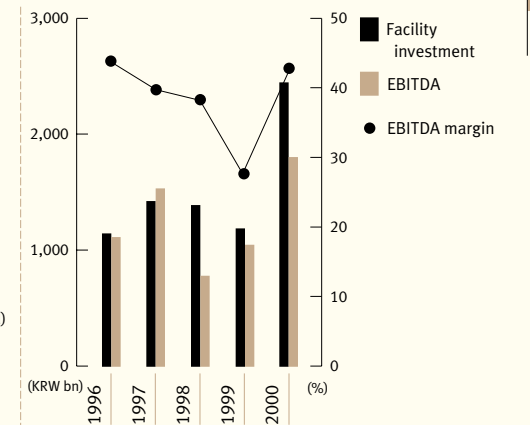


EBITDA/Facility Investment

	1996	1997	1998	1999	2000
EBITDA	1,173.9	1,391.9	1,358.2	1,183.9	2,453.5
Facility Investment	1,185.9	1,533.9	764.2	1,082.6	1,793.5
EBITDA Margin	43.9	39.6	38.3	27.6	42.6

(EBITDA = ordinary income + net interest paid + net loss on foreign exchange + depreciation expense on tangible and intangible assets)
(facility investment = value of tangible and intangible assets shown on cash flow chart as newly acquired - value of tangible and intangible assets shown on cash flow chart as disposed)

(KRW bn, %)

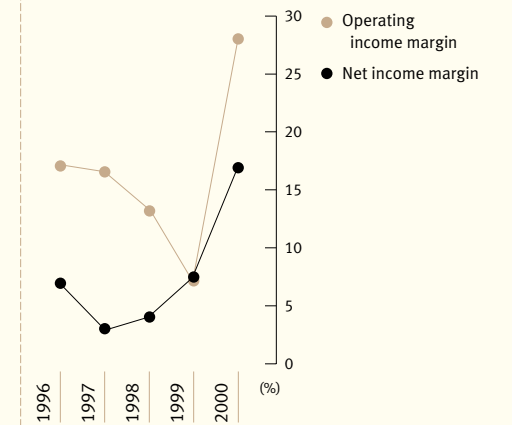


Operating Income Margin | Net Income Margin

	1996	1997	1998	1999	2000
Operating Income	462.1	584.2	494.1	288.7	1,636.1
Net Income	195.5	113.6	151.3	304.2	950.7
Operating Income Margin	17.3	16.6	13.9	6.7	28.4
Net Income Margin	7.3	3.2	4.3	7.1	16.5

(operating income margin = operating income / total sales x 100)
(net income margin = net income / total sales x 100)

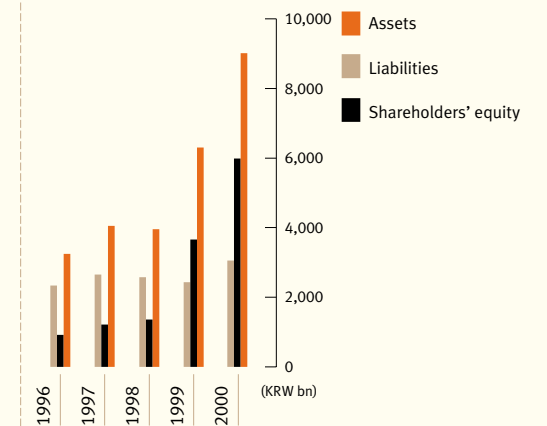
(KRW bn, %)



Summarized Balance Sheet

	1996	1997	1998	1999	2000
Assets	3,258.6	4,103.3	4,060.8	6,213.1	9,053.6
Current Assets	1,252.8	1,080.3	1,376.9	1,619.4	2,252.2
Non-current Assets	2,005.8	3,023.0	2,683.9	4,593.7	6,801.4
Liabilities	2,201.2	2,787.8	2,591.5	2,469.7	3,087.7
Interest-bearing Debt	746.1	1,360.8	1,975.1	1,479.5	1,698.9
Shareholders' Equity	1,057.4	1,315.6	1,469.2	3,743.3	5,966.0

(KRW bn)

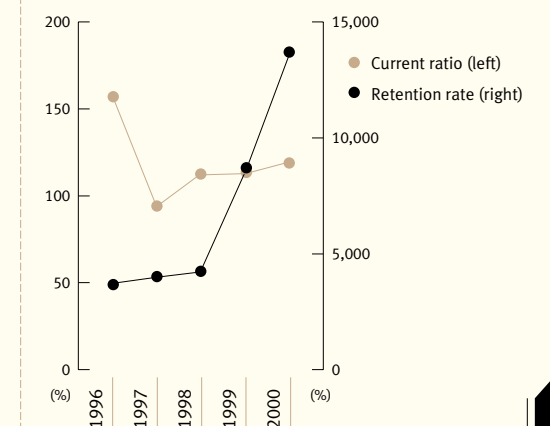


Current Ratio | Retention Rate

	1996	1997	1998	1999	2000
Current Ratio	157.1	93.7	113.6	111.6	118.9
Retention Rate	3,524.1	4,133.8	4,476.2	8,893.5	13,295.1

(current ratio = current assets / current liabilities x 100)
(retention rate = (shareholders' equity - capital + treasury stock) / capital x 100)

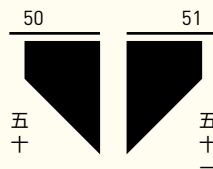
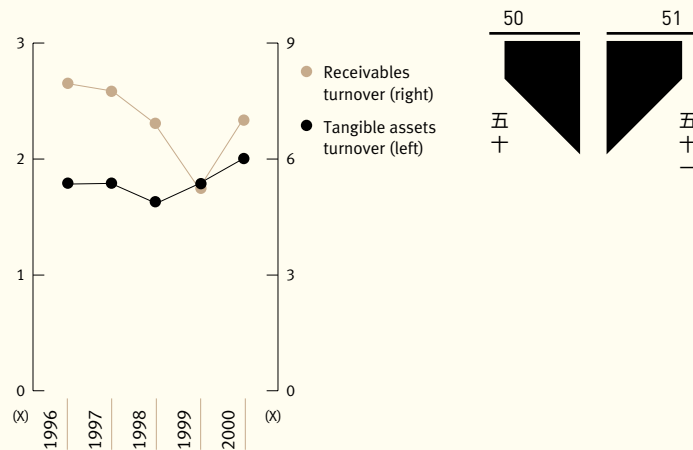
(%)



Tangible Assets Turnover | Receivables Turnover

	1996	1997	1998	1999	2000
Tangible Assets Turnover	1.8	1.8	1.6	1.9	2.0
Receivables Turnover	8.2	7.9	6.9	5.3	7.0

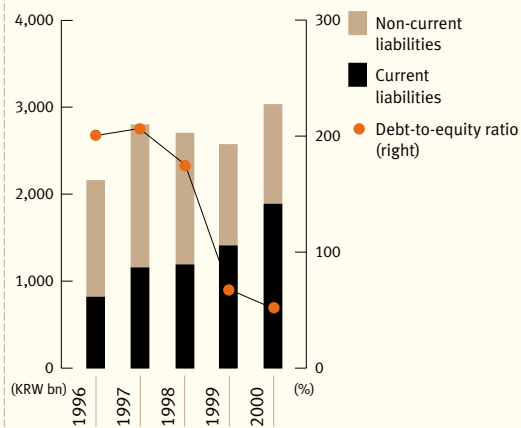
(tangible assets turnover = operating revenue / average tangible assets) (X)
 (receivables turnover = operating revenue / receivables)



Liabilities | Debt-to-Equity

	1996	1997	1998	1999	2000
Liabilities	2,201.2	2,787.8	2,591.5	2,469.7	3,087.7
Current Liabilities	797.3	1,152.8	1,212.5	1,451.2	1,893.8
Non-current Liabilities	1,404.0	1,634.9	1,379.0	1,018.5	1,193.6
Interest-bearing Debt	746.1	1,360.8	1,975.1	1,479.5	1,698.9
Shareholder's Equity	1,057.4	1,315.6	1,469.2	3,743.3	5,966.0
Debt-to-Equity Ratio	208.2	211.9	176.4	66.0	51.8
Interest-bearing Debt-to-Equity Ratio	70.6	103.4	134.4	39.5	28.5

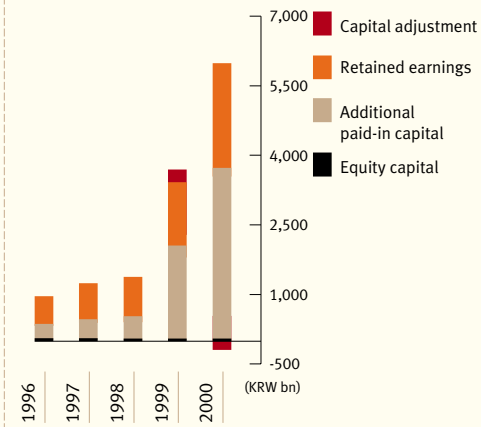
(debt-to-equity ratio = liabilities / shareholders' equity x 100) (KRW bn, %)
 (interest-bearing debt-to-equity ratio = interest-bearing debt / shareholders' equity x 100)



Shareholder's Equity Breakdown

	1996	1997	1998	1999	2000
Shareholder's Equity	1,057.4	1,315.6	1,469.2	3,743.3	5,966.0
Equity Capital	29.2	31.1	32.1	41.7	44.6
Additional Paid-in Capital	313.2	462.5	478.9	2,094.1	3,748.5
Retained Earnings	715.0	815.7	959.5	1,391.8	2,298.8
Capital Adjustment	0.0	6.2	-1.2	215.7	-126.0

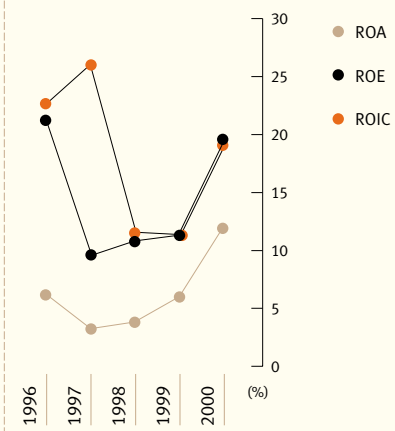
(KRW bn)



ROA / ROE / ROIC

	1996	1997	1998	1999	2000
ROA	6.5	3.1	3.7	5.9	12.5
ROE	22.3	9.6	10.9	11.7	19.6
ROIC	23.5	26.8	12.2	11.3	18.4

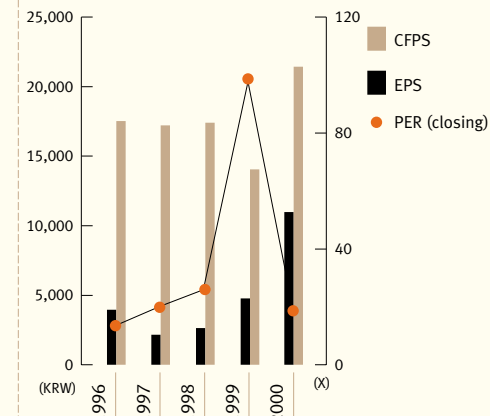
(ROA = net income / average assets) (%)
 (ROE = net income / average shareholders' equity)
 (ROIC = (EBIT - T) / (average net interest-bearing debt + average total capital))
 (EBIT = ordinary income + net interest paid + net foreign exchange loss)



EPS | CFPS | PER

	1996	1997	1998	1999	2000
Share Price (closing)	45,600	44,500	67,300	407,000	253,000
Share Price (high)	83,000	57,700	67,300	407,000	507,000
Share Price (low)	39,950	29,800	35,850	57,500	261,000
EPS	3,380	1,887	2,363	4,134	10,899
CFPS	17,481	16,765	17,038	13,674	21,500
PER (closing)	13.5	23.6	28.5	98.5	23.2
PER (high)	24.6	30.6	28.5	98.5	46.5
PER (low)	11.8	15.8	15.2	13.9	23.9

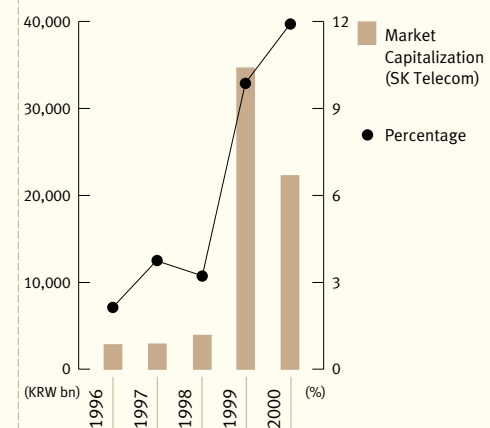
(EPS = net income / average number of shares issued) (KRW, X)
 (CFPS = (net income + depreciation) / average number of shares issued)



Aggregate Value of Listed Stocks

	1996	1997	1998	1999	2000
Share Price (closing)	45,600	44,500	67,300	407,000	253,000
Market Capitalization (SK Telecom)	2,661.0	2,767.4	4,327.2	33,926.6	22,555.6
(KOSPI)	117,369.9	70,988.8	137,798.4	349,503.9	188,041.4
Percentage	2.3	3.9	3.1	9.7	12.0

(KRW, KRW bn, %)

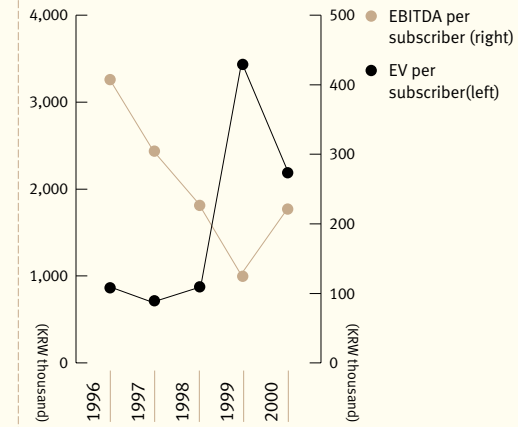


EV per Subscriber

	1996	1997	1998	1999	2000
EV (KRW bn)	2,674.7	3,651.7	5,557.1	34,855.7	23,023.4
EBITDA (KRW bn)	1,173.9	1,391.9	1,358.2	1,183.9	2,453.5
No. of Subscribers	2,891	4,571	5,966	10,110	10,935
EV per Subscriber (KRW thousand)	925	799	931	3,448	2,105
EBITDA per Subscriber	406	305	228	117	224

(KRW bn, In thousands person, KRW thousand)

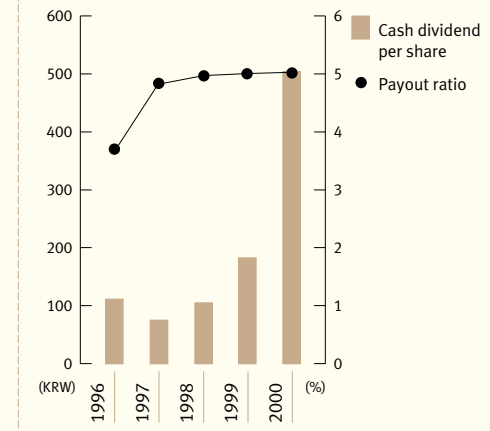
(EV (enterprise value) = market capitalization + net interest-bearing debt)
 (EBITDA = ordinary income + net interest paid + net foreign exchange loss + tangible and intangible asset depreciation)



Dividends

	1996	1997	1998	1999	2000
Share Price (closing)	45,600	44,500	67,300	407,000	253,000
No. of Shares Issued	58,354.6	62,189.6	64,296.6	83,357.8	89,152.7
Cash Dividend Ratio	22.0	15.0	20.6	37.0	108.0
Cash Dividend per Share	110	75	103	185	504
Share Dividend Ratio	3.0	3.0	3.0	0.0	0.0
Payout Ratio	3.7	4.9	5.0	5.1	5.1
Cash Dividend Revenue Rate	0.2	0.2	0.2	0.0	0.2

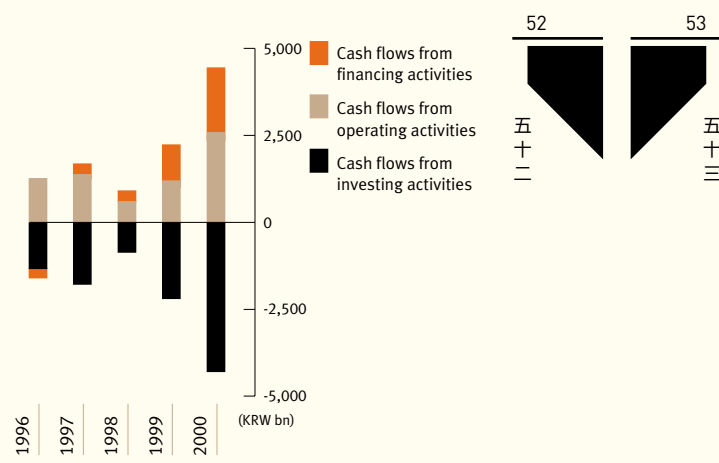
(payout ratio = total dividends / net income x 100) (KRW, In thousands share, %)
 (cash dividend revenue rate = cash dividend per share / share closing price each year)
 (The per-share indices are retroactive to a share increase from a stock split)



Cash Flows

	1996	1997	1998	1999	2000
Cash Flows from Operating Activities (net income)	1,281.8	1,464.5	670.6	1,130.4	2,624.5
(depreciation)	815.6	895.8	939.7	701.9	924.7
Cash Flows from Investing Activities (facilities investment)	-1,166.9	-1,765.0	-897.4	-2,131.1	-4,507.6
(facilities investment)	-1,185.9	-1,533.9	-764.2	-1,082.6	-1,793.5
Cash Flows from Financing Activities	-201.4	259.9	300.7	1,074.7	1,813.7

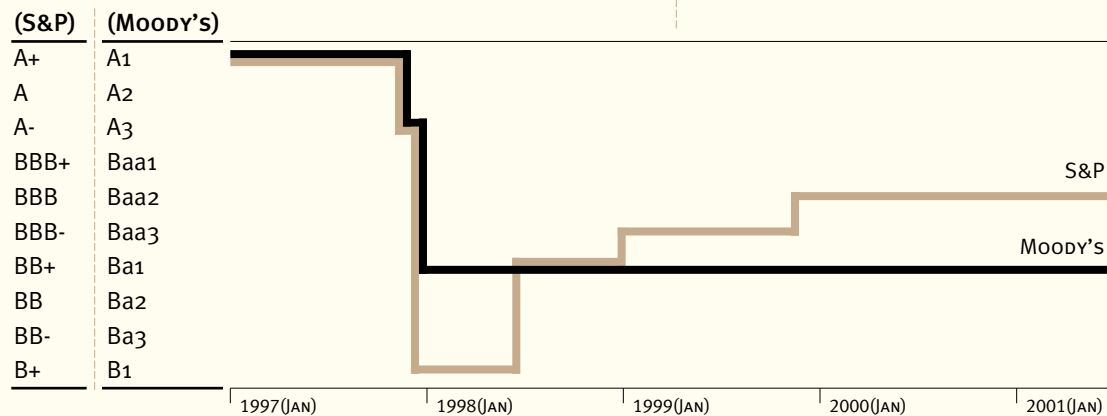
(KRW bn)



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Changes in Credit Rating

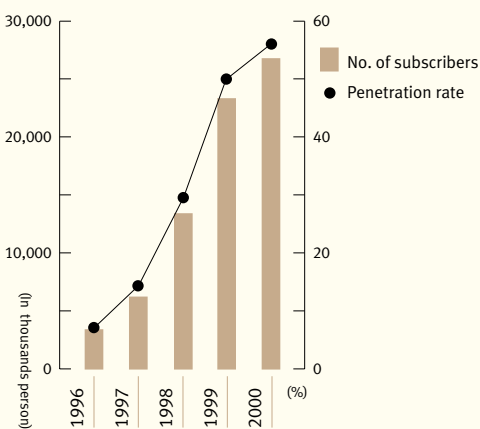


(operating data)

Population | Total Subscribers | Penetration Rate

	1996	1997	1998	1999	2000
Population	45,545	45,991	46,430	46,858	47,078
Total Subscribers	3,181	6,828	13,983	23,443	26,816
Penetration Rate	7.0	14.8	30.1	50.0	57.0

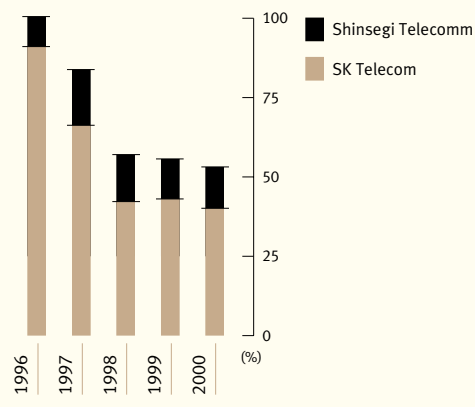
(penetration rate = no. of subscribers / total population) (In thousands person, %)



Market Share

	1996	1997	1998	1999	2000
SK Telecom	90.9	66.9	42.7	43.0	40.8
Shinsegi Telecomm	9.1	16.5	15.3	13.8	13.1
Combined Market Share	100.0	83.4	57.9	56.8	53.9

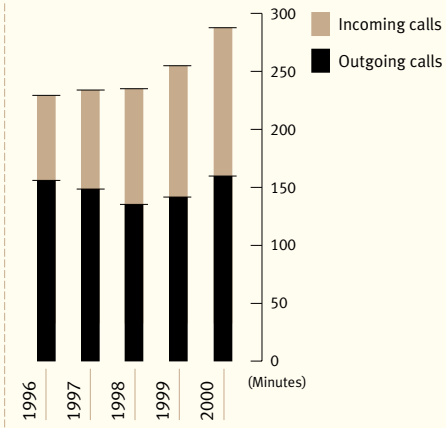
(%)



MOU

	1996	1997	1998	1999	2000
Outgoing Calls	160	150	134	143	159
Incoming Calls	76	91	109	113	122
Total	236	241	243	256	281

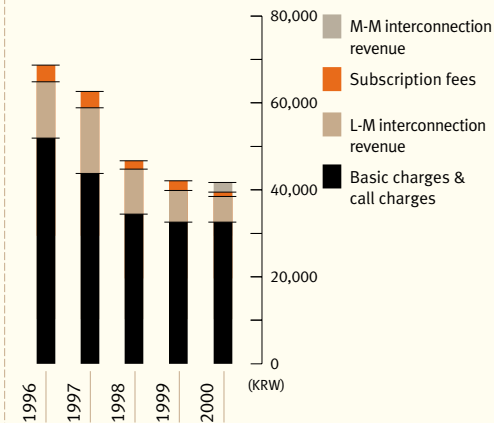
(MOU: average minutes of usage per subscriber per month) (Minutes)



ARPU

	1996	1997	1998	1999	2000
Basic Charges & Call Charges	52,744	43,479	34,043	32,133	32,202
L-M Interconnection Revenue	12,369	15,731	10,665	8,358	6,170
M-M Interconnection Revenue	-	-	-	-	2,580
Subscription Fees	3,894	3,562	2,273	2,340	1,404
Total	69,007	62,772	46,981	42,831	42,356

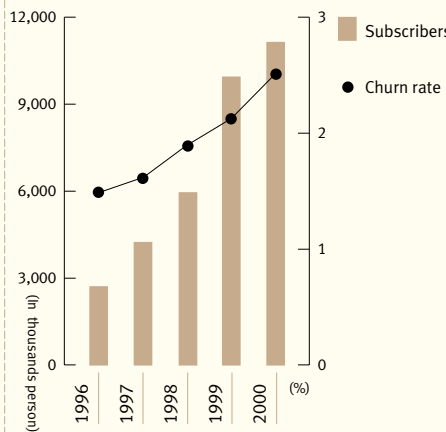
(ARPU: average revenue per user) (ARPU = sales / average subscribers at year's beginning & end / 12) (KRW)



Cellular Service Subscribers | Churn Rate

	1996	1997	1998	1999	2000
No. of Subscribers	2,891	4,571	5,966	10,110	10,935
Average monthly Churn Rate	1.49	1.61	1.95	2.16	2.49

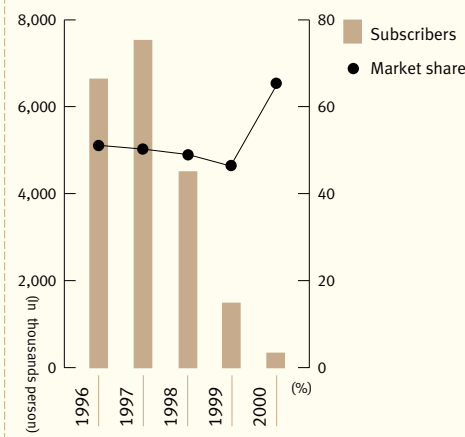
(In thousands person, %) (churn rate = (total subscriptions cancelled / average subscribers at year's beginning & end)/12)

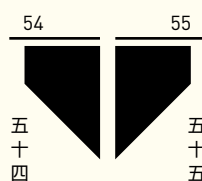


Paging Service Subscribers | Market Share

	1996	1997	1998	1999	2000
No. of Subscribers	6,570	7,504	4,333	1,450	372
Market Share	51.6	49.4	47.2	45.1	65.5

(In thousands person, %)





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Independent Auditors' Report

To the Stockholders and Board of Directors of
 SK Telecom Co., Ltd.

We have audited the accompanying non-consolidated balance sheets of SK Telecom Co., Ltd. (the "Company") as of December 31, 2000 and 1999, and the related non-consolidated statements of income, appropriations of retained earnings, and cash flows for the years then ended (all expressed in Korean won). These non-consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the non-consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall non-consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such non-consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2000 and 1999, and the results of its operations, the appropriations of its retained earnings and its cash flows for the years then ended, in conformity with financial accounting standards generally accepted in Korea.

As described in Notes 3 and 20 to the accompanying non-consolidated financial statements, Company management approved the acquisition of a 51.19% equity interest in Shinsegi Telecomm, Inc.'s common stock on December 20, 1999 and, on December 28, 1999, the Company acquired a 23.53% equity interest through the purchase of Shinsegi Telecomm, Inc.'s common stock held by Kolon International Corporation and other minority interests for ₩1,088,818 million. On April 27, 2000, the Company acquired the remaining 27.66% equity interest from Pohang Iron & Steel Co., Ltd. for ₩1,658,436 million. Related to this business combination, a regulatory approval from the Korea Fair Trade Commission was obtained on a condition that the Company reduce the market share of the combined companies to fewer than 50% by June 30, 2001. If such condition is not met, a monetary penalty will be imposed, in accordance with Article 17 of Antitrust Laws and Regulations. As of December 31, 2000, the market share of the combined companies is 53.9%.

As described in Note 21 to the accompanying non-consolidated financial statements, the Company was selected as an IMT 2000 service provider in December 2000 and has a plan to establish a consortium on March 5, 2001, of which a tentative name is SK IMT. SK IMT's initial capital will be ₩1,600,020 million, including capital stock of ₩300,000 million and additional paid-in capital of ₩1,300,020 million. The Company will invest in a 56.58% equity interest of such consortium for ₩905,221 million.

As described in Note 2 to the accompanying non-consolidated financial statements, effective January 1, 1999, the Company revised its estimate of the useful lives of its machinery from 4 years to 6 years in order to better reflect the estimated periods during which the machinery will remain in service. For the year ended December 31, 1999, the change had the effect of reducing depreciation expense and increased income before income taxes by ₩157,236 million and increasing net income by ₩108,807 million.

As described in Note 2 to the accompanying non-consolidated financial statements, effective January 1, 1999, the Company adopted the newly revised financial accounting standards generally accepted in Korea ("Korean GAAP"). The revised Korean GAAP requires the adoption of deferred income tax accounting and accounting for investments under the equity method, which resulted in an increase in the beginning retained earnings as of January 1, 1999 of ₩143,625 million and a decrease in net income for the year ended December 31, 1999 of ₩17,366 million.

The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. The procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries and jurisdictions. Accordingly, this report and the accompanying non-consolidated financial statements are not intended for use by those who are not informed about Korean accounting principles or auditing standards and their application in practice.

Our audit also comprehended the translation of the Korean won amounts into U.S. dollar amounts and in our opinion, such translation has been made in conformity with the basis stated in Note 2(a) to the non-consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside of Korea.

February 8, 2001

Ahn Kwon & Co.

Non-Consolidated Balance Sheets

(Years Ended December 31, 2000 and 1999)

	(In millions of Korean won)		(In thousands of U.S. dollars)	
	(2000)	(1999)	(2000)	(1999)
			(Note 2)	
(Assets)				
Current assets				
Cash and cash equivalents (Note 9)	₩10,843	₩80,217	\$8,558	\$63,313
Short-term financial instruments (Note 9)	602,626	254,174	475,632	200,611
Marketable securities (Note 2)	617,658	216,000	487,496	170,481
Accounts receivable - trade (net of allowance for doubtful accounts of ₩68,121 million in 2000 and ₩96,396 million in 1999) (Notes 2 and 19)	817,187	802,752	644,978	633,585
Short-term loans (net of allowance for doubtful accounts of ₩113 million in 2000 and ₩69 million in 1999) (Notes 2 and 4)	11,154	6,858	8,803	5,413
Accounts receivable - other (net of allowance for doubtful accounts of ₩29,155 million in 2000 and ₩13,574 million in 1999) (Notes 2, 9 and 19)	164,904	232,447	130,153	183,463
Inventories (Note 2)	3,388	1,397	2,674	1,103
Accrued income and other	24,435	25,535	19,286	20,154
Total current assets	2,252,195	1,619,380	1,777,580	1,278,123
Non-current assets				
Property and equipment, net (Notes 2, 5, 17, 18 and 19)	3,254,194	2,423,764	2,568,425	1,912,994
Intangible assets, net (Note 2)	75,679	61,518	59,731	48,554
Investment securities (Notes 2 and 3)	3,176,244	1,665,223	2,506,901	1,314,304
Long-term loans (net of allowance for doubtful accounts of ₩18,058 million in 2000 and ₩1,236 million in 1999) (Notes 2, 4, 9 and 19)	109,972	122,366	86,797	96,579
Guarantee deposits (Note 19)	114,304	125,297	90,216	98,893
Long-term deposits and other (Notes 2 and 19)	31,478	87,731	24,845	69,243
Deferred income tax assets (Notes 2 and 14)	39,566	107,795	31,228	85,079
Total non-current assets	6,801,437	4,593,694	5,368,143	3,625,646
Total assets	₩9,053,632	₩6,213,074	\$7,145,723	\$4,903,769
(Liabilities and stockholders' equity)				
Current liabilities				
Accounts payable (Notes 9 and 19)	₩644,088	₩567,999	\$508,357	\$448,302
Short-term borrowings	10,000	345,000	7,893	272,297
Income taxes payable	304,761	31,923	240,537	25,196
Accrued expenses	196,397	118,308	155,009	93,376
Current portion of long-term debt (Notes 6 and 7)	589,882	270,320	465,574	213,354
Current portion of facility deposits (Note 8)	10,026	7,373	7,913	5,819
Other	138,689	110,270	109,463	87,032
Total current liabilities	1,893,843	1,451,193	1,494,746	1,145,376
Long-term liabilities				
Bonds payable, net (Notes 2 and 6)	1,039,598	763,961	820,519	602,968
Long-term borrowings (Notes 7 and 17)	59,455	100,216	46,926	79,097
Facility deposits (Note 8)	55,237	74,528	43,597	58,822
Accrued severance indemnities, net (Note 2)	16,067	63,450	12,681	50,079
Other	23,466	16,387	18,521	12,936
Total long-term liabilities	1,193,823	1,018,542	942,244	803,902
Total liabilities	3,087,666	2,469,735	2,436,990	1,949,278
Stockholders' equity				
Capital stock (Notes 1 and 10)	44,576	41,679	35,182	32,896

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Capital surplus:				
Additional paid-in capital (Note 10)	3,736,253	2,081,807	2,948,897	1,643,099
Other capital surplus	12,293	12,292	9,702	9,702
Retained earnings:				
Appropriated (Note 11)	2,297,750	1,390,924	1,813,536	1,097,809
Unappropriated (Note 2)	1,088	922	859	728
Capital adjustments:				
Treasury stock (Note 12)	(5,042)	(5,043)	(3,979)	(3,980)
Gain (loss) on valuation of investment securities (Note 2)	(121,335)	220,758	(95,766)	174,237
Stock options (Note 13)	383	-	302	-
Total stockholders' equity	5,965,966	3,743,339	4,708,733	2,954,491
Total liabilities and stockholders' equity	₩9,053,632	₩6,213,074	\$7,145,723	\$4,903,769

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

(Years Ended December 31, 2000 and 1999)

	(In millions of Korean won)		(In thousands of U.S. dollars)	
	(2000)	(1999)	(2000)	(1999)
Operating revenue (Note 19)	₩5,760,945	₩4,284,873	\$4,546,918	\$3,381,904
Operating expenses				
Labor cost	189,811	174,094	149,811	137,406
Commissions paid (Note 19)	1,528,099	2,272,721	1,206,077	1,793,781
Depreciation (Note 2)	911,299	670,520	719,257	529,219
Network interconnection expenses (Note 19)	624,237	140,171	492,689	110,632
Leased line expenses	206,978	198,711	163,361	156,836
Advertising	216,171	170,271	170,616	134,389
Cost of goods sold	4,054	4,804	3,200	3,792
Other	444,190	364,885	350,584	287,991
Sub-total	(4,124,839)	(3,996,177)	(3,255,595)	(3,154,046)
Operating income	1,636,106	288,696	1,291,323	227,858
Other income:				
Interest income	57,964	80,171	45,749	63,276
Commissions (Note 19)	25,610	210,723	20,213	166,316
Foreign exchange and translation gains (Note 2)	8,210	28,691	6,480	22,645
Reversal of allowance for doubtful accounts	5,482	15,977	4,327	12,610
Equity in earnings of affiliates (Note 2)	-	11,506	-	9,081
Gain on disposal of property and equipment	27,725	14,153	21,882	11,170
Other	58,646	67,436	46,287	53,225
Sub-total	183,637	428,657	144,938	338,323
Other expenses:				
Interest and discounts	111,064	124,985	87,659	98,646
Donations	81,911	53,858	64,650	42,508
Foreign exchange and translation losses (Note 2)	26,852	24,474	21,193	19,316
Loss on disposal of property and equipment	36,664	7,813	28,938	6,167
Equity in losses of affiliates (Note 2)	159,875	-	126,184	-
Other	42,451	33,422	33,505	26,378
Sub-total	(458,817)	(244,552)	(362,129)	(193,015)
Ordinary income	1,360,926	472,801	1,074,132	373,166
Extraordinary gains (Losses)				
Loss on impairment of investment securities (Note 3)	₩-	(₩71,201)	\$-	(\$56,197)
Gain on insurance settlement and other, net	5	41	4	32
Sub-total	5	(71,160)	4	(56,165)
Income before income taxes	1,360,931	401,641	1,074,136	317,001
Provision for income taxes (Notes 2 and 14):				
Current payable	335,076	68,607	264,464	54,149
Deferred	75,199	28,873	59,352	22,788
	(410,275)	(97,480)	(323,816)	(76,937)
Net income	₩950,656	₩304,161	\$750,320	\$240,064
Income per share				
(In Korean won and U.S. dollars) (Note 15)	₩10,899	₩4,134	\$8.60	\$3.26

See accompanying notes to non-consolidated financial statements.

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Non-Consolidated Statements of Appropriations of Retained Earnings

Years Ended December 31, 2000 and 1999

	(In millions of Korean won)		(In thousands of U.S. dollars)	
	(2000)	(1999)	(2000)	(1999)
Retained earnings before appropriations				
Beginning of year	₩922	₩375	\$728	\$296
Cumulative effect of accounting changes for:				
Deferred income taxes (Note 2)	-	136,668	-	107,867
Equity method (Note 2)	-	6,957	-	5,492
Depreciation method of an affiliate, which is accounted for using the equity method (Note 2)	4,439	-	3,504	-
Net income for the year	950,656	304,161	750,320	240,064
End of year	956,017	448,161	754,552	353,719
Transfer from voluntary reserves				
Reserve for loss on foreign investment	9,074	9,069	7,162	7,158
Appropriations				
Legal reserve (Note 11)	4,900	1,600	3,867	1,263
Reserve for business rationalization (Note 11)	16,000	26,000	12,628	20,521
Reserve for technology development (Note 11)	172,000	129,300	135,754	102,052
Reserve for business expansion	723,000	284,000	570,640	224,152
Cash dividends (Note 16)	48,103	15,408	37,966	12,161
	964,003	456,308	760,855	360,149
Unappropriated retained				
Earnings to be carried forward to the following year	₩1,088	₩922	\$859	\$728

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Cash Flows

(Years Ended December 31, 2000 and 1999)

	(In millions of Korean won)		(In thousands of U.S. dollars)	
	(2000)	(1999)	(2000)	(1999)
			(Note 2)	
Cash flows from operating activities:				
Net income	₩950,656	₩304,161	\$750,320	\$240,064
Expenses not involving cash payments:				
Depreciation and amortization	924,699	701,942	729,833	554,019
Provision for severance indemnities	25,307	25,424	19,974	20,066
Loss on disposal of property and equipment	36,664	7,813	28,938	6,167
Allowance for doubtful accounts	32,996	19,737	26,043	15,578
Foreign translation loss	26,017	17,813	20,534	14,059
Loss on impairment of investment securities	-	71,201	-	56,197
Loss on valuation of used analog handsets	-	34,624	-	27,328
Equity in losses of affiliates	159,875	-	126,184	-
Deferred income taxes	66,254	28,873	52,292	22,788
Amortization of discounts on bonds and other	15,562	13,084	12,283	10,327
Sub-total	1,287,374	920,511	1,016,081	726,529
Income not involving cash receipts:				
Foreign translation gain	(6,393)	(27,973)	(5,046)	(22,078)
Reversal of allowance for doubtful accounts	(5,482)	(15,977)	(4,327)	(12,610)
Gain on disposal of property and equipment	(27,725)	(14,153)	(21,882)	(11,170)
Equity in earnings of affiliates	-	(11,506)	-	(9,081)
Other	(13,115)	(8,075)	(10,351)	(6,373)
Sub-total	(52,715)	(77,684)	(41,606)	(61,312)
Changes in assets and liabilities related to operating activities:				
Accounts receivable - trade	(16,827)	(269,408)	(13,281)	(212,635)
Accounts receivable - other	51,711	(172,218)	40,814	(135,926)
Inventories	(2,447)	1,208	(1,931)	953
Other current assets	708	18,774	559	14,818
Accounts payable	76,019	341,489	59,999	269,526
Income taxes payable	272,838	4,848	215,342	3,826
Accrued expenses	78,090	32,288	61,634	25,484
Current portion of facility deposits	(3,054)	(1,198)	(2,410)	(946)
Other current liabilities	(4,168)	34,303	(3,290)	27,074
Severance indemnity payments	(14,570)	(6,091)	(11,500)	(4,807)
Transfers to National Pension Fund	930	(526)	733	(417)
Sub-total	439,230	(16,531)	346,669	(13,050)
Net cash provided by operating activities	2,624,545	1,130,457	2,071,464	892,231
Cash flows from investing activities:				
Cash inflows from investing activities:				
Decrease in short-term financial instruments	₩-	₩153,495	\$-	\$121,148
Decrease in marketable securities	-	97,749	-	77,150
Decrease in long-term financial instruments	13	31,804	10	25,102
Proceeds from disposal of investment securities	28,055	61,261	22,143	48,351
Decrease in long-term loans	34,327	6,372	27,093	5,029
Decrease in guarantee deposits	159,931	22,805	126,228	17,999
Decrease in short-term loans and other assets	33,213	5,777	26,214	4,560
Proceeds from disposal of property and equipment	229,214	59,764	180,911	47,170
Proceeds from disposal of intangible assets	4,759	52	3,756	41
Sub-total	489,512	439,079	386,355	346,550
Cash outflows for investing activities:				
Increase in short-term financial instruments	(342,378)	-	(270,227)	-
Increase in marketable securities	(401,658)	-	(317,015)	-
Acquisition of investment securities	(1,993,099)	(1,219,663)	(1,573,085)	(962,639)
Increase in short-term loans	(6,551)	(862)	(5,170)	(680)

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Increase in long-term loans	(43,946)	(128,145)	(34,685)	(101,140)
Increase in guarantee deposits and other assets	(181,988)	(79,142)	(143,637)	(62,464)
Acquisition of property and equipment	(1,979,319)	(1,113,340)	(1,562,209)	(878,721)
Increase in intangible assets	(48,144)	(29,025)	(37,999)	(22,908)
Sub-total	(4,997,083)	(2,570,177)	(3,944,027)	(2,028,552)
Net cash used in investing activities	(4,507,571)	(2,131,098)	(3,557,672)	(1,682,002)
Cash flows from financing activities:				
Cash inflows from financing activities:				
Increase in short-term borrowings	₩1,140,000	₩625,000	\$899,763	\$493,291
Increase in facility deposits	-	24,172	-	19,078
Issuance of common stock	1,657,344	1,619,545	1,308,085	1,278,252
Issuance of bonds	786,815	-	621,006	-
Other	35,701	13,469	28,178	10,631
Sub-total	3,619,860	2,282,186	2,857,032	1,801,252
Cash outflows for financing activities:				
Repayment of short-term borrowings	(1,475,000)	(585,000)	(1,164,167)	(461,721)
Repayment of current portion of long-term debt	(273,595)	(475,130)	(215,939)	(375,004)
Redemption of bonds	-	(34,393)	-	(27,145)
Payment of dividends	(15,408)	(6,609)	(12,161)	(5,216)
Decrease in facility deposits	(13,583)	(101,559)	(10,721)	(80,157)
Other	(28,622)	(4,766)	(22,591)	(3,762)
Sub-total	(1,806,208)	(1,207,457)	(1,425,579)	(953,005)
Net cash provided by financing activities	1,813,652	1,074,729	1,431,453	848,247
Net increase (decrease) in cash and cash equivalents	(69,374)	74,088	(54,755)	58,476
Cash and cash equivalents at beginning of the year	80,217	6,129	63,313	4,837
Cash and cash equivalents at end of the year	₩10,843	₩80,217	\$8,558	\$63,313

See accompanying notes to non-consolidated financial statements.

1 General

SK Telecom Co., Ltd. (the "Company") was incorporated in March 1984 under the laws of Korea as a wholly-owned subsidiary of Korea Telecom, the Korean government-owned fixed-line telephone company, and is currently engaged in providing cellular telephone communication services. The Company's common shares and depositary receipts (DRs) are listed on the Korea Stock Exchange and the New York and London Stock Exchanges, respectively. As of December 31, 2000, the Company's largest shareholders are the SK Group companies (34.1%), Korea Telecom (13.4%) and Pohang Iron & Steel Co., Ltd. (6.5%).

2 Summary of Significant Accounting Policies

Significant accounting policies followed in preparing the accompanying non-consolidated financial statements are summarized as follows:

(a) Basis of Presentation

The accompanying non-consolidated financial statements have been prepared using accounting principles and reporting practices generally accepted in Korea. Such financial statements are primarily an English translation of the Company's statutory report presented in a format more familiar to readers outside of Korea. Certain supplementary information which may be included in the statutory report, but not required for a fair presentation of the Company's financial position, results of operations and cash flows, may not be presented in the accompanying non-consolidated financial statements. In all other respects these non-consolidated financial statements follow accounting principles and reporting practices generally accepted in Korea and are not intended to present the Company's financial position, results of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions. Accordingly, the accompanying non-consolidated financial statements are not designed for use by those who are not informed about Korean accounting principles and reporting practices.

The official accounting records of the Company are maintained and expressed in Korean won, the currency of the country in which the Company is incorporated and operates. The translations of Korean won amounts into U.S. dollar amounts in the accompanying non-consolidated financial statements are included solely for the convenience of readers outside of Korea and have been made at the rate of ₩1,267 to US\$1, the Noon Buying Rate in the City of New York for cable transfers in Korean won as certified for customs purposes by the Federal Reserve Bank of New York on the last business day of the year ended December 31, 2000. Such translations into U.S. dollars should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at the above or any other rate.

(b) Adoption of Newly Revised Korean GAAP

Effective January 1, 1999, the Company adopted the newly revised financial accounting standards generally accepted in Korea ("Korean GAAP"). The revised Korean GAAP requires the adoption of deferred income tax accounting and accounting for investments under the equity method, which resulted in an increase in the Company's beginning retained earnings and gain on valuation of investment securities (capital adjustment account) as of January 1, 1999 of ₩143,625 million and ₩5,633 million, respectively, and a decrease in net income for the year ended December 31, 1999 of ₩17,366 million.

(c) Marketable Securities

Marketable securities, which consist of debentures issued by financial institutions and debt unit trusts, are stated at market value. Valuation gains or losses are reported in current operations.

(d) Allowance for Doubtful Accounts

An allowance for doubtful accounts is maintained based on the estimated collectibility of individual accounts and historical bad debt experience.

(e) Inventories

Inventories are stated at the lower of cost, determined using the moving average method, or net realizable value.

(f) Investment Securities

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1. Investments with 20% or more ownership interest

Through 1998 investments in equity securities of affiliated companies, in which the Company has a 20% or more ownership interest, were stated at acquisition cost. Effective January 1, 1999, Korean GAAP was changed to require the adoption of accounting for such investments under the equity method, which resulted in an increase in the Company's beginning retained earnings and gain on valuation of investment securities (capital adjustment account) as of January 1, 1999 by ₩6,957 million and ₩5,633 million, respectively, and an increase in net income for the year ended December 31, 1999 by ₩11,506 million.

Under the equity method, the differences between the Company's investment account and the corresponding stockholder's equity account of an investee are amortized or reversed using the straight-line method over 20 years from the year of acquisition of capital stock and the elimination effects of intercompany unrealized profit or loss are adjusted in the investment account. However, there was no intercompany unrealized profit or loss eliminated for the years ended December 31, 2000 and 1999.

2. Other Investments

Investments in equity securities of listed companies are stated at market value. The net unrealized gain or loss on investments in equity securities of listed companies is recorded as a capital adjustment. Other investments in equity securities of non-listed companies are stated at acquisition cost. If the market value (or the net book value for non-listed companies) of the investments declines significantly below the acquisition cost and is not expected to recover, such investments are carried at market value (or net book value).

Investments in government, public and corporate bonds are recorded at acquisition cost plus (or minus) the amortization of any difference between acquisition cost and par value of the bonds using the effective interest rate method.

(g) Property and Equipment

Property and equipment are stated at cost. Routine maintenance and repairs are expensed as incurred. Expenditures which result in an enhancement of the value or extension of the useful life of the facilities involved are capitalized.

Interest incurred on debt used for the construction of property and equipment is capitalized until such construction activities are complete. Interest of ₩47,165 million and ₩39,142 million for the years ended December 31, 2000 and 1999, respectively, was capitalized and included in property additions.

Foreign exchange loss (or foreign exchange gain) incurred on debt used to finance the construction of property and equipment is capitalized (or offset against property additions). Foreign exchange loss of ₩8,112 million for the year ended December 31, 2000 was capitalized and included in property additions. The foreign exchange gain of ₩8,201 million for the year ended December 31, 1999 was offset against property additions.

Depreciation is computed using the declining balance method (except for buildings and structures acquired on or after January 1, 1995 which are depreciated using the straight-line method) over the estimated useful lives (3~30 years) of the related assets.

Effective January 1, 1999, the Company revised its estimate of the useful lives of its machinery from 4 years to 6 years in order to better reflect the estimated period during which the machinery will remain in service. For the year ended December 31, 1999, the change had the effect of reducing depreciation expense and increasing income before income taxes by ₩157,236 million and increasing net income by ₩108,807 million.

(h) Intangible Assets

Intangible assets are stated at cost, less amortization computed using the straight-line method over 4 to 20 years.

(i) Discounts on Bonds

Discounts on bonds are amortized to interest expense using the effective interest rate method over the redemption period of the bonds.

(j) Accrued Severance Indemnities

In accordance with the Company's policy, all employees with more than one year of service are entitled to lump-sum severance payments equal to one month's pay for each year of service based on their rate of salary and length of service upon termination of their employment. The accrual for severance indemnities is computed as if all employees were to terminate as of the balance sheet date. In accordance with the Korean National Pension Fund Law, the Company transferred a portion of its accrued severance indemnities to the National Pension Fund through March 1999. Such transfers, amounting to ₩6,672 million and ₩7,603 million as of December 31, 2000 and 1999, respectively, are deducted from accrued severance indemnities.

The Company has deposits with insurance companies to fund the portion of the employees' severance indemnities which is in excess of the tax deductible amount allowed under the Corporate Income Tax Law, in order to take advantage of the additional tax deductibility for such funding. During 2000, the Company changed the beneficiary of such deposit from the Company itself to its employees. As a result, such funding of severance indemnities in outside insurance companies, of which the beneficiary is its employees, totaling ₩59,050 million as of December 31, 2000 are deducted from accrued severance indemnities in accordance with Korean GAAP, while the deposit of severance indemnities as of December 31, 1999, of which beneficiary was the Company itself, totaling ₩51,942 million, was presented as long-term deposits.

Severance indemnity payments amounted to ₩14,570 million and ₩6,091 million for the years ended December 31, 2000 and 1999, respectively.

(k) Accounting for Leases

Lease agreements that include a bargain purchase option, result in the transfer of ownership at the end of the lease term, have a lease term equal to 75% or more of the estimated economic life of the leased property or where the present value of minimum lease payments exceeds 90% of the fair value of the leased property, are accounted for as capital leases. All other leases are accounted for as operating leases.

Assets and liabilities related to capital leases are recorded as property and equipment and long-term payables - other, respectively, and the related interest is calculated using the effective interest rate method and charged to expense. For operating leases, the future minimum lease payments are expensed ratably over the lease term while contingent rentals are expensed as incurred.

(l) Research and Development Costs

The Company charges substantially all research and development costs to expense as incurred. The Company incurred research and development costs of ₩63,502 million and ₩66,386 million for the years ended December 31, 2000 and 1999, respectively.

(m) Accounting for Foreign Currency Transactions

The Company maintains its accounts in Korean won. Transactions in foreign currencies are recorded in Korean won based on the prevailing rate of exchange at the dates of transactions. As allowed under Korean GAAP, monetary assets and liabilities denominated in foreign currencies are translated in the accompanying non-consolidated financial statements at the Base Rates announced by the Korean government on the balance sheet dates, which, for U.S. dollars, were ₩1,259.70=US\$1 and ₩1,145.40=US\$1 at December 31, 2000 and 1999, respectively. The resulting gains and losses arising from the translation or settlement of such assets and liabilities are included in current operations.

(n) Income Taxes

Through 1998, the provision for income taxes was determined based on the amount currently payable under the Korean Corporate Income Tax Law. No deferred income taxes were provided. Effective January 1, 1999, Korean GAAP was revised to require the recognition of deferred tax assets and liabilities for the future tax consequences of operating loss carryforwards, tax credits and differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The revised Korean GAAP requires that the cumulative effect on prior periods of such change be reflected as a direct adjustment to unappropriated retained earnings at the beginning of the year of such change. The revised Korean GAAP also requires that deferred tax assets and liabilities be presented on the balance sheet as a single non-current net number. Restatement of comparative information is not permitted. This change resulted in an increase in the Company's beginning retained earnings as of January 1, 1999 by ₩136,668 million and a decrease in net income for the year ended December 31, 1999 by ₩28,873 million.

(o) Investee Company's Change of Depreciation Method

Effective January 1, 2000, SK C&C Co., Ltd, which is 30% owned by the Company and accounted for using the equity method, changed its depreciation method from the declining balance method to the straight-line method in order to properly allocate period expense. The change had the effect of increasing the Company's beginning retained earnings as of January 1, 2000 by ₩4,439 million, reducing equity in losses of affiliates for the year ended December 31, 2000 by ₩8,705 million and increasing the Company's net income for the year ended December 31, 2000 by ₩6,024 million.

3 Investment Securities

Investment securities as of December 31, 2000 and 1999 are as follows :

	Ownership Percentage(%)	Acquisition Cost	Fair Value or Net Asset Value	(in millions of Korean won) Carrying Amount	
				2000	1999
(Investments in affiliates)					
Shinsegi Telecomm, Inc.	51.2	₩2,747,254	₩97,211	₩2,570,285	₩1,088,818
SK Teletech Co., Ltd.	61.7	25,556	38,940	38,940	39,996
Iridium Korea Co., Ltd.	99.9	4,000	6,079	5,271	5,271
SK Capital Co., Ltd.	99.9	50,000	57,405	57,405	57,231
SK Telecom International Inc.	100.0	7,747	6,023	6,023	8,056
SKT LLC	99.7	9,469	9,330	9,330	9,469
SK Telink Co., Ltd.	90.8	5,296	17,096	17,145	7,682
SK C&C Co., Ltd.	30.0	19,071	32,905	39,805	22,415
Daegu Electronics Co., Ltd	34.0	680	747	680	680
Black Soft Co., Ltd.	45.0	500	-	-	-
NetsGo Co., Ltd.	96.5	82,796	78,170	78,004	-
DSS Mobile Communications Ltd.	29.5	2,494	-	-	-
STIC IT Venture Capital	44.4	8,000	8,481	8,481	8,000
Bill-Plus	60.0	4,500	4,513	4,513	-
VCASH	25.0	3,750	3,640	3,640	-
SLD Telecom	53.8	1,534	1,534	1,534	-
SK Wyverns Baseball Club	99.9	1,000	517	517	-
Skytel	27.8	1,484	1,562	1,484	1,484
Other investments in affiliates		8,645		8,645	-
(Investments in listed companies)					
Digital Chosunilbo Co., Ltd.	10.4	5,781	3,498	3,498	65,617
Hanaro Telecom Inc.	6.5	161,887	37,024	37,024	317,696
(Investments in non-listed companies)					
SK Group Japan Co., Ltd.	16.5	11,131	11,931	11,131	11,131
Powercomm Co., Ltd	5	240,243	38,239	240,243	-
Iridium LLC	3.7	70,701	-	-	-
Investments in public bonds		2,760		2,760	5,148
Other investments		29,886		29,886	16,529
		₩3,506,165		₩3,176,244	₩1,665,223

The net unrealized loss on investments in common stock of Digital Chosunilbo Co., Ltd. and Hanaro Telecom Inc as of December 31, 2000, totaling ₩127,147 million, was recorded as capital adjustment. As of December 31, 1999 the net unrealized gain on such investments amounted to ₩215,644 million.

Iridium LLC's and Black Soft Co., Ltd.'s operations were discontinued in the early of 2000 and 1999, respectively. Due to the impairment in the Company's investment in Iridium LLC and Black Soft Co., Ltd., extraordinary losses of ₩70,701 million and ₩500 million, respectively, were recorded for the year ended December 31, 1999.

In order to maximize shareholder value through voluntary restructuring of the domestic wireless telecom industry, Company management approved the acquisition of a 51.2% equity interest in Shinsegi Telecomm, Inc.'s common stock on December 20, 1999 and, on December 28, 1999, the Company acquired a 23.5% equity interest through the purchase of Shinsegi Telecomm, Inc.'s common stock held by Kolon International Corporation and other minority interests for ₩1,088,819 million. The Company acquired the remaining 27.7% equity interest on April 27, 2000 from Pohang Iron & Steel Co., Ltd. ("POSCO") for ₩1,658,436 million.

Details of the changes in investments in affiliates accounted for using the equity method for the years ended December 31, 2000 and 1999 are as follows:

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(in millions of Korean won)

For the year ended December 31, 2000

	Cost (Beginning balance)	Equity in earnings (losses)	Equity in retained earnings	Equity in capital adjustments	Dividends received	Ending balance
Shinsegi Telecomm, Inc.	2,747,254	(176,969)	-	-	-	2,570,285
SK Teletech Co., Ltd.	34,004	4,936	-	-	-	38,940
SK Capital Co., Ltd.	57,231	174	-	-	-	57,405
SK Telecom International Inc.	8,055	(2,098)	-	66	-	6,023
SKT LLC	9,469	(363)	-	224	-	9,330
SK Telink Co., Ltd.	8,978	8,167	-	-	-	17,145
SK C&C Co., Ltd.	22,415	11,617	6,413	(40)	(600)	39,805
STIC IT Venture Capital	8,000	593	-	(112)	-	8,481
SK Wyverns Baseball Club	1,000	(483)	-	-	-	517
Bill-Plus	4,500	13	-	-	-	4,513
VCASH	3,750	(112)	-	2	-	3,640
NetsGo Co., Ltd.	82,796	(5,350)	-	558	-	78,004
	2,987,452	(159,875)	6,413	698	(600)	2,834,088

For the year ended December 31, 1999

	Cost (Beginning balance)	Equity in earnings (losses)	Equity in retained earnings	Equity in capital adjustments	Dividends received	Ending balance
Shinsegi Telecomm, Inc.	1,088,819	-	-	-	-	1,088,819
SK Teletech Co., Ltd.	30,061	3,468	6,467	-	-	39,996
SK Capital Co., Ltd.	50,000	998	6,233	-	-	57,231
SK Telecom International Inc.	7,746	-	(3,952)	4,261	-	8,055
SK Telink Co., Ltd.	4,000	3,682	-	-	-	7,682
SK C&C Co., Ltd.	19,072	3,358	(568)	853	(300)	22,415
DSS Mobile Communications Ltd.	2,494	-	(2,494)	-	-	-
Iridium Korea Co., Ltd. (Note 1)	3,999	-	1,271	-	-	5,270
	1,206,191	11,506	6,957	5,114	(300)	1,229,468

(Note 1) As allowed under Korean GAAP, effective January 1, 1998 the Company discontinued applying the equity method on the investments in Iridium Korea Co., Ltd. as its total assets decreased to less than ₩7 billion.

4 Loans to Employees

Short-term and long-term loans to employees as of December 31, 2000 and 1999 are as follows:

(in millions of Korean won)

	2000	1999
Loans to employees' stock ownership association	₩89,105	₩115,621
Loans to employees for housing and other	2,253	2,061
	₩91,358	₩117,682

5 Property and Equipment

Property and equipment as of December 31, 2000 and 1999 are as follows:

(in millions of Korean won)

	Useful lives(years)	2000	1999
Land	-	₩235,780	₩261,165
Buildings and structures	30, 15	819,958	845,862
Machinery	3-6	4,300,196	3,881,711
Vehicles	3-4	16,894	18,393

Other	3-4	381,322	379,948
Construction in progress		832,785	277,411
Less accumulated depreciation		6,586,935(3,332,741)	5,664,490(3,240,726)
Property and equipment, net		₩3,254,194	₩2,423,764

The government declared standard value of land owned as of December 31, 2000 and 1999 is ₩204,072 million and ₩197,694 million, respectively.

6 Bonds Payable

Bonds payable as of December 31, 2000 and 1999 are as follows:

(in millions of Korean won and thousands of U.S. dollars)

	Maturity year	Annual interest rate(%)	2000	1999
Domestic general bonds	2000	11.0 - 12.9	₩	₩210,000
Domestic general bonds	2001	8.0 - 16.0	550,000	550,000
Domestic general bonds	2002	8.0	150,000	-
Domestic general bonds	2003	8.0	650,000	-
Yankee bonds (US\$200,078)	2004	7.75	252,038	229,169
Total			1,602,038	989,169
Less: Discounts on bonds			(18,604)	(18,484)
Net			1,583,434	970,685
Less portion due within one year			(543,836)	(206,724)
Long-term portion			₩1,039,598	₩763,961

7 Long-term Borrowings

Long-term borrowings denominated in Korean won as of December 31, 2000 and 1999 are as follows:

(in millions of Korean won)

Lender	Final maturity year	Annual interest rate(%)	2000	1999
Korea Development Bank	2001	Floating rates	₩3,500	₩7,000
Korea Development Bank	2004	Floating rates	43,750	50,000
Total			47,250	57,000
Less portion due within one year			(16,000)	(9,750)
Long-term portion			₩31,250	₩47,250

At December 31, 2000, the floating rates for Korea Development Bank borrowings are 8.95%

Long-term borrowings denominated in foreign currency as of December 31, 2000 and 1999 are as follows:

(in millions of Korean won and thousands of U.S. dollars)

Lender	Final maturity year	Annual interest rate(%)	2000	1999
Korea Exchange Bank	2000	8.33	US\$	US\$22,586
Korea Development Bank	2004	9.15 - 9.70	33,250	41,222
Korea Development Bank	2001	3M Libor + 2.0	9,532	19,064
Korea First Bank	2001	3M Libor + 0.6	1,625	4,875
Korea First Bank	2001	3M Libor + 3.6	1,835	5,505
Total in foreign currency			US\$46,242	US\$93,252
Equivalent in Korean won			₩58,251	₩106,811
Less portion due within one year			(30,046)	(53,845)
Long-term portion			₩28,205	₩52,966

At December 31, 2000, the London inter-bank offered rate (3M Libor) was 6.40%.
The future maturities of long-term borrowings at December 31, 2000 are as follows:

Year ending December 31,	(in millions of Korean won)	
	Long-term borrowings in Korean won	Long-term borrowings in foreign currency
2000	₩-	₩-
2001	₩16,000	₩30,046
2002	12,500	11,282
2003	12,500	11,282
2004	6,250	5,641
Thereafter	-	-
	₩47,250	₩58,251

8 Facility Deposits

The Company receives facility guarantee deposits from customers of cellular and paging services at the subscription date. The Company has no obligation to pay interest on these deposits and returns all amounts to subscribers upon termination of the subscription contract.

Facility guarantee deposits by service type held as of December 31, 2000 and 1999 are as follows:

Service type	Deposit per subscriber	(in millions of Korean won except deposit per subscriber amounts)	
		2000	1999
Cellular	₩200,000	₩54,524	₩71,772
Paging	22,000	712	2,721
Iridium	1,300,000	-	33
Local phone	100,000	1	2
Total		₩55,237	₩74,528

The Company offers existing and new cellular subscribers the option of obtaining facility insurance from Seoul Guarantee Insurance Company ("SGIC") in lieu of the facility deposit. Existing subscribers who elect this option are refunded their facility deposits. As a result of these, the balance of facility guarantee deposits decreases annually.

9 Assets and Liabilities Denominated in Foreign Currencies

The details of monetary assets and liabilities denominated in foreign currencies (except for bonds payable and long-term borrowings denominated in foreign currencies described in Notes 6 and 7) as of December 31, 2000 and 1999 are as follows:

	(in millions of Korean won, thousands of U.S. dollars, HK dollars, Japanese yen and Indian rupee)			
	2000		1999	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Cash and cash equivalents	US\$-	₩-	US\$35	₩41
Short-term financial instruments	US\$51,236	64,543	US\$86,500	99,077
Accounts receivable - other	US\$2,346	2,955	US\$1,829	2,095
	-	-	Rupee3,333	89
Long-term loans	US\$69	87	Rupee35,216	941
Accounts payable	US\$46,295	58,318	US\$448	513
	JNP75,083	827	-	-
	HKD1,147	185	-	-

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10 Capital Stock and Capital Surplus

The Company's capital stock consists entirely of common stock with a par value of ₩500 and ₩5,000 in 2000 and 1999, respectively. The number of authorized, issued and outstanding shares as of December 31, 2000 and 1999 are as follows:

	2000	1999
Authorized shares	220,000,000	22,000,000
Issued shares	89,152,670	8,335,775
Outstanding shares, net of treasury stock	89,079,034	8,328,411

Significant changes in capital stock and additional paid-in capital during the years ended December 31, 2000 and 1999 are as follows:

	Number of shares Issued(note 1)	(in millions of Korean won except for share data)	
		Capital stock	Additional paid-in capital
At December 31, 1998	64,296,600	₩32,148	₩470,829
Stock dividends	1,927,760	964	-
Issuance of common stock	16,600,300	8,300	1,580,348
Exercise of stock warrants	533,090	267	31,129
Stock issuance costs (note 2)	-	-	(499)
At December 31, 1999	83,357,750	₩41,679	₩2,081,807
Issuance of common stock	5,794,920	2,897	1,654,450
Stock issuance costs (note 2)	-	-	(4)
At December 31, 2000	89,152,670	₩44,576	₩3,736,253

(note 1) Numbers of shares have been adjusted to give retroactive effect to the 1:10 stock split declared on March 17, 2000.

(note 2) Through 1998, stock issuance costs were capitalized and amortized in current operations on a straight-line basis over three years. Effective January 1, 1999, Korean GAAP was changed in current operations to require that such costs be shown as a direct reduction to shareholders' equity. The unamortized stock issuance costs carried over from 1998 have been offset against additional paid-in capital as of January 1, 1999, in accordance with the revised Korean GAAP.

(a) Issuance of common stock

On July 30, 1999, the Company issued 1,660,030 shares of common stock.

On April 27, 2000, the Company acquired the 27.7% equity interest in Shinsegi Telecomm, Inc.'s common stock from Pohang Iron & Steel Co., Ltd. ("POSCO") in exchange for 5,794,920 shares of the Company's common stock.

(b) Exercise of Stock Warrants

The Company issued 53,309 shares of common stock in connection with the exercise of stock warrants in 1999.

11 Retained Earnings

The details of appropriated retained earnings as of December 31, 2000 and 1999 are as follows:

	(in millions of Korean won)	
	2000	1999
Legal reserve	₩11,400	₩6,500
Reserve for improvement of financial structure	33,000	33,000
Reserve for business rationalization	126,493	110,493
Reserve for loss on foreign investment	48,818	57,892
Reserve for technology development	301,300	129,300
Reserve for business expansion	1,776,739	1,053,739
Total	₩2,297,750	₩1,390,924

(a) Legal Reserve

The Korean Commercial Code requires the Company to appropriate as a legal reserve at least 10% of cash dividends for each accounting period until the reserve equals 50% of outstanding capital stock. The legal reserve may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to capital stock.

(b) Reserve for Improvement of Financial Structure

The Financial Control Regulation for listed companies in Korea requires that at least 10% of net income (net of accumulated deficit), and an amount equal to net gain (net of related income taxes, if any) on the disposal of property and equipment be appropriated as a reserve for improvement of financial structure until the ratio of stockholders' equity to total assets reaches 30%. The reserve for improvement of financial structure may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to capital stock.

(c) Reserve for Business Rationalization

In accordance with the Tax Exemption and Reduction Control Law, the amount of tax benefit associated with certain tax exemptions and tax credits must be appropriated as a reserve for business rationalization. The reserve for business rationalization may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to capital stock.

(d) Reserves for Loss on Foreign Investment and Technology Development

Reserves for loss on foreign investment and technology development were appropriated in order to recognize certain tax deductible benefits through the early recognition of future expenditures. These reserves will be unappropriated from appropriated retained earnings in accordance with the relevant tax laws. Such unappropriation will be included in taxable income in the year of unappropriation.

12 Treasury Stock

Upon issuance of stock dividends and new common stock, the Company acquired fractional shares totaling 73,636 shares, which are recorded as capital adjustments. Such treasury stock will be sold in the stock market in the future.

No dividends are paid on treasury stock (see Note 16).

13 Stock Options

On March 17, 2000, in accordance with the approval of its stockholders, the Company granted stock options to its management, representing 17,800 shares, at an exercise price of ₩424,000 per share. The stock options will become exercisable after three years from the date of grant and shall be exercisable within two years from the first exercisable date. When the employees leave the Company within three years after the grant of stock options, the Company may cancel the stock options awarded. Upon exercise of stock options, the Company will issue its common stock.

The value of stock options granted is determined using the Black-Scholes option-pricing model, without considering a volatility factor in estimating the value of its stock options, as permitted under Korean GAAP. Under these accounting policies, compensation cost is measured at ₩1,533 million and is recognized over the service period (three years). Such compensation cost of ₩383 million was charged to current operations and recorded as a capital adjustment for the year ended December 31, 2000.

In addition, the pro forma net income and net income per common share for the year ended December 31, 2000 is ₩950,105 million and ₩10,892, respectively, if the Company had not excluded the volatility factor in estimating the value of its stock options.

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14 Income Taxes

The following is a reconciliation between financial accounting income and taxable income, together with a computation of income taxes, for the years ended December 31, 2000 and 1999:

	(in millions of Korean won)	
	2000	1999
Income before income taxes	₩1,360,931	₩401,641
Additions (deductions):		
Allowance for doubtful accounts	4,699	(25,228)
Loss on impairment of investment securities	(129,781)	71,201
Accrued interest income	(4,968)	16,982
Foreign exchange loss	(19,620)	(49,977)
Depreciation	(52,499)	(13,290)
Equity in losses (earnings) of affiliates	159,875	(11,506)
Tax-free reserves	(162,926)	(50,092)
Other	(9,316)	(25,555)
Net taxable income	₩1,146,395	₩314,176
Corporate income taxes at statutory Korean corporate income tax rate of 28%	₩320,978	₩87,957
Tax credit for investments	(20,000)	(30,537)
Tax credit for technology and human resource development and capital investments	-	(602)
Corporate income taxes payable	300,978	56,818
Resident surtax payable	30,098	5,682
Special surtax for agriculture and fishery industries	4,000	6,107
Total income taxes payable	₩335,076	₩68,607

The difference between income taxes computed using the statutory income tax rate and the recorded income taxes for the years ended December 31, 2000 and 1999 is attributable to the following:

	(in millions of Korean won)	
	2000	1999
Income taxes at statutory income tax rate of 28%	₩381,048	₩112,448
Resident surtax payable	38,105	11,245
Tax credit for technology and human resource development and capital investments	(22,000)	(34,253)
Special surtax for agriculture and fishery industries	4,000	6,107
Permanent differences	9,122	1,933
Recorded income tax expense (30.14% and 24.27% in 2000 and 1999, respectively)	₩410,275	₩97,480

The tax effects of each type of temporary difference that gave rise to a significant portion of the deferred tax assets at December 31, 2000 and 1999 are as follows:

	1999	Increase	Decrease	2000
Depreciation	30,080	7,714	19,236	18,558
Allowance for doubtful accounts	30,204	31,684	30,204	31,684
Loss on impairment of investment securities	61,902	-	39,972	21,930
Foreign translation loss	15,747	-	6,012	9,735
Accrued interest income	(1,015)	(2,510)	(1,015)	(2,510)
Equity in losses (earnings) of affiliates	(5,360)	47,725	(184)	42,549
Reserves for technology development	(18,222)	(58,270)	-	(76,492)
Reserves for loss on foreign investments	(4,343)	-	(2,795)	(1,548)
Others	(1,198)	950	4,092	(4,340)
Total deferred tax assets (liabilities)	107,795	27,293	95,522	39,566

15 Income per Share

Income per share for the years ended December 31, 2000 and 1999 is computed as follows:

	2000	1999
Net income (in millions of Korean won)	₩950,656	₩304,161
Weighted average number of common shares outstanding (note 1)	87,226,559	73,579,890
Net income per share	₩10,899	₩4,134

(note 1) Numbers of shares have been adjusted to give retroactive effect to the 1:10 stock split declared on March 17, 2000.

Diluted income per share for the years ended December 31, 2000 and 1999 is computed as follows:

	2000	1999
Net income (in millions of Korean won)	950,656	304,161
Adjusted weighted average number of common shares outstanding (note 2)	87,226,559	73,674,660
	10,899	4,128

(note 2) For the calculation of diluted income per share, weighted average number of common shares outstanding is adjusted assuming the exercise of stock warrants on January 1, 1999. The stock warrants were exercised during 1999.

16 Dividend Disclosure

Details of dividends which were declared for the years ended December 31, 2000 and 1999 are as follows:

(in millions of Korean won except for share data)					
	Dividend type	Number of shares outstanding(note 1)	Face value	Dividend ratio	Dividends
2000	Cash dividends	89,079,034	₩500	108.0%	₩48,103
1999	Cash dividends	83,284,110	₩500	37.0%	₩15,408

(note 1) Numbers of shares have been adjusted to give retroactive effect to the 1:10 stock split declared on March 17, 2000.

17 Commitments and Contingencies

(a) At December 31, 2000, the Company's property and equipment (land, buildings and machinery), amounting to ₩80,342 million in carrying value, are pledged as collateral for borrowings from Korea Development Bank. In addition, the Company has provided one blank note to Korea Merchant Banking Corp., as collateral for its guarantees on the Company's borrowings.

(b) At December 31, 2000, the Company has guaranteed ₩1,798 million (equivalent of US\$1,427 thousand and Rupee 64,212 thousand) which DSS Mobile Communications Ltd., a related company, borrowed from Sumitomo Bank.

18 Insurance

At December 31, 2000, certain of the Company's assets are insured with local insurance companies as follows:

(in millions of Korean won)			
Asset	Risk	Carrying value	Coverage
Property and equipment	Fire and comprehensive liability	₩3,442,831	₩3,788,269

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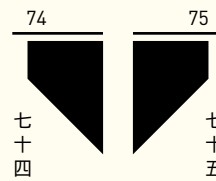
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19 Transactions with Affiliated and Related Companies

In the normal course of business, the Company uses certain telecommunication facilities owned by Korea Telecom (a shareholder) and engages in other transactions with affiliates. Significant related party transactions and balances as of and for the years ended December 31, 2000 and 1999 were as follows:

Description	(in millions of Korean won)	
	2000	1999
(Transactions)		
SK C&C:		
Purchases of property, equipment and others	₩96,705	₩62,971
Commissions paid	164,604	105,427
Commission and other income	5,054	2,158
SK Engineering & Construction Co., Ltd.:		
Construction	97,627	90,205
Commissions paid and other expenses	2,502	2,174
Commissions income and other	652	792
SK Global:		
Purchases of property and equipment	193,630	53,024
Commissions paid and other expenses	67,236	74,424
Commissions income and other income	3,276	1,948
SK Corporation:		
Disposal of land and building	164,600	-
Purchases of property and equipment	9,863	-
Purchase of investment securities	69,927	-
Commissions paid and other expenses	35,293	2,492
Commissions income and other income	1,921	1,115
Shinsegi Telecomm, Inc.:		
Network interconnection income	91,201	-
Network interconnection expenses	108,188	-
Purchase of investment securities	71,316	-
Commissions paid and other expenses	1,914	-
Commissions income and other income	7,418	-
(Balances)		
SK C&C:		
Accounts receivable - other	₩550	₩41
Accounts payable	56,314	31,131
Guarantee deposits received	392	212
SK Engineering & Construction Co., Ltd.:		
Accounts receivable - other	65	137
Accounts payable	32,651	372
Guarantee deposits received	50	-
SK Global:		
Accounts receivable - other	6,972	188
Long-term loans	27	144
Guarantee deposits	113	113
Accounts payable	18,227	20,874
Guarantee deposits received	453	485
SK Corporation:		
Accounts receivable - other	99	120
Guarantee deposits	1,000	-
Accounts payable	25,327	3,992
Guarantee deposits received	6,290	-
SK Life Insurance:		
Deposit for severance indemnities	29,135	25,864
Accounts receivable - other	38	11
Guarantee deposits	33	-
Accounts payable	127	-
Guarantee deposits received	786	625
Shinsegi Telecomm, Inc.:		
Accounts receivable - trade	20,483	-
Accounts payable	20,916	-

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20 Business Combination with Shinsegi Telecomm, Inc.

In order to maximize shareholder value through voluntary restructuring of the domestic wireless telecom industry, the Company acquired a 51.19% equity interest in Shinsegi Telecomm, Inc.'s common stock. Related to this business combination, a regulatory approval from the Korea Fair Trade Commission was obtained on a condition that the Company reduces the market share of the combined companies to fewer than 50% by June 30, 2001. If such condition is not met, a monetary penalty will be imposed, in accordance with Article 17 of Antitrust Laws and Regulations. As of December 31, 2000, the market share of the combined companies is 53.9%.

21 Subsequent Event

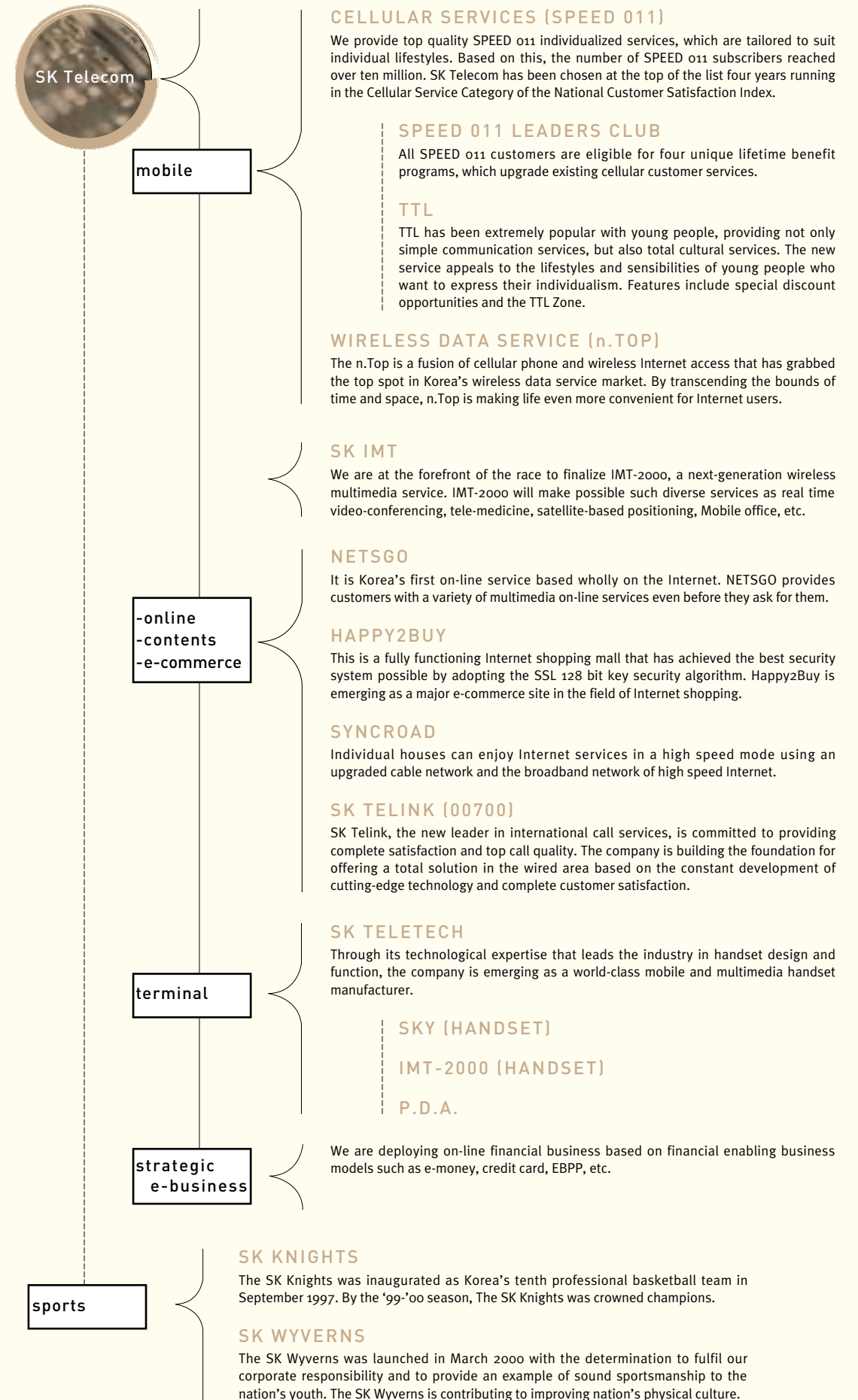
In December 31, 2000, the Company was selected as an IMT 2000 service provider and has a plan to establish a consortium on March 5, 2001, of which a tentative name is SK IMT. SK IMT's initial capital is ₩1,600,020 million, including capital stock of ₩300,000 million and additional paid-in capital of ₩1,300,020 million. The Company will invest in a 56.58% equity interest of such consortium for ₩905,221 million.

22 Uncertainties in Business Environment

Beginning in 1997, Korea and other countries in the Asia Pacific region experienced a severe contraction in substantially all aspects of their economies. This situation is commonly referred to as the 1997 Asian financial crisis. In response to this situation, the Korean government and the private sector began implementing structural reforms to historical business practices.

The Korean economy is currently experiencing additional difficulties, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure on Korean companies to restructure into more efficient and profitable firms. The banking industry is currently undergoing consolidations and significant uncertainty exists with regard to the availability of short-term financing during the coming year. The Company may be either directly or indirectly affected by the situation described above.

The accompanying non-consolidated financial statements reflect management's current assessment of the impact to date of the economic situation on the financial position of the Company. Actual results may differ materially from management's current assessment.



Mar. 1984	Korea Mobile Telecommunications Services Co., Ltd. established.
May 1984	Car phone services begun.
-	-
Apr. 1988	Company designated as public telecommunications service provider.
-	-
Oct. 1989	Initial public offering of 6.4 billion won carried out on Korea Stock Exchange.
-	-
Apr. 1992	Number of paging service subscribers reaches 1 million.
-	-
Jun. 1994	The SK Group becomes the major shareholder of the company.
-	-
Jan. 1995	Number of cellular phone and paging service subscribers reaches 1 million and 4 million, respectively.
Feb. 1995	MOVE 21 vision for the 21st century unveiled.
-	-
Jan. 1996	World's first commercial CDMA cellular phone service launched.
Jun. 1996	ADRs listed on New York Stock Exchange, the first for a non-government Korean enterprise.
Jun. 1996	Company given A+ credit rating by Standard & Poor's.
Jul. 1996	Company given A1 credit rating by Moody's, the highest ever to a mobile communications service provider.
-	-
Mar. 1997	Corporate name changed to SK Telecom and new corporate identity program unveiled at the 13th annual shareholders' meeting.
Sep. 1997	Development of IMT-2000 test-bed system completed.
Oct. 1997	NETSGO, multimedia online services based on Internet, launched.
Dec. 1997	Number of CDMA cellular phone subscribers reaches 3 million.
-	-
Jan. 1998	Company granted ISO 9002 certification for customer service and after-sales service (the first for a Korean cellular service provider).
Jun. 1998	Company selected top in the National Customer Satisfaction Index for the Mobile Communications Services category.
Jun. 1998	SK Telink launches 00700 international call services.
Dec. 1998	SK Teletech launched and sale of SKY handsets begun.
-	-
Mar. 1999	Number of cellular phone subscribers reaches 7 million.
Mar. 1999	Company selected top in the National Customer Satisfaction Index for the Mobile Communications Services category.
Apr. 1999	Company participates in Mongolian cellular phone service operation.
Jul. 1999	TTL brand cellular phone service launched for the youth market.
Oct. 1999	n.TOP wireless Internet service launched.
Nov. 1999	Strategic alliance in wireless communications formed between SK and POSCO
Dec. 1999	Number of cellular phone subscribers reaches 10million.
-	-
Jan. 2000	IMT-2000 international videoconference call successfully carried out between Korea and Japan.
Mar. 2000	Strategic alliance formed with small & medium-sized telecommunications companies to co-develop core IMT-2000 technology.
Mar. 2000	Development of the world's first core parts for IMT-2000 completed.
Mar. 2000	Company selected top in the National Customer Satisfaction Index for the Mobile Communications Services category.
Apr. 2000	"Mobile Check", mobile credit card confirmation service, introduced.
Apr. 2000	Korea's first Broadband Wireless Local Loop (BWLL) system developed.
Apr. 2000	Acquisition of Shinsegi Telecomm approved by the Fair Trade Commission.
May 2000	Number of n.Top users reaches 2 million.
May 2000	Corporate total resource management system (ERP) installed.
May 2000	Joint venture company established with GameKing, China's biggest game software company.
May 2000	"Will B", a new brand of wireless integrated leading solution for business, launched.
Jun. 2000	Joint ceremony of investment for the establishment of Vcash held.
Aug. 2000	NETSGO, multimedia on-line service, spun off from SK Telecom.
Oct. 2000	World's first commercial cdma2000 1x service launched.
Oct. 2000	Cellular service contract signed with DCN, mobile communications operator in the Republic of Daghestan.
Nov. 2000	Number of n.Top users reaches 4 million.
Dec. 2000	"Syncroad", high speed Internet service, launched.
Dec. 2000	Asynchronous (W-CDMA)IMT-2000 service license obtained.
-	-
Feb. 2001	Radio paging business transferred to INTEC Telecom.
Mar. 2001	CDMA cooperation agreement signed by SK Telecom and China Unicom.
Mar. 2001	SK IMT Co., Ltd. established.
Mar. 2001	"SKY", cellular handset of SK Teletech, exported to overseas market including Israel.
Jun. 2001	SK Telecom Signs Consultancy Contract with China Unicom.(The US \$1 million contract covers network design, optimization and all other CDMA technology areas.)

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