MoSys, Inc.
Form SC 13G/A
July 10, 2014

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No: 1)

MOSYS INC.

(Name of Issuer)

Common Stock

(Title of Class of Securities)

619718109

(CUSIP Number)

June 30, 2014

(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[X] Rule 13d-1(b)
[ ] Rule 13d-1(c)
[ ] Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 619718109

(1)Names of reporting persons. BlackRock, Inc.

(2) Check the appropriate box if a member of a group
(a) [ ]

(b) [X]

(3) SEC use only

(4) Citizenship or place of organization

Delaware

Number of shares beneficially owned by each reporting person with:

(5) Sole voting power

1194163

(6) Shared voting power

NONE

(7) Sole dispositive power

1194163

(8) Shared dispositive power

NONE

(9) Aggregate amount beneficially owned by each reporting person

1194163

(10) Check if the aggregate amount in Row (9) excludes certain shares

(11) Percent of class represented by amount in Row 9

2.4%

(12) Type of reporting person

HC

Item 1.

Item 1(a) Name of issuer:

MOSYS INC.

Item 1(b) Address of issuer's principal executive offices:

3301 OLCOTT STREET
SANTA CLARA CA 95054

Item 2.

2(a) Name of person filing:

BlackRock, Inc.

2(b) Address or principal business office or, if none, residence:

BlackRock Inc.
55 East 52nd Street
New York, NY 10022

2(c) Citizenship:

See Item 4 of Cover Page

2(d) Title of class of securities:

Common Stock

2(e) CUSIP No.:
See Cover Page

Item 3.

If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:
[ ] Broker or dealer registered under Section 15 of the Act;
[ ] Bank as defined in Section 3(a)(6) of the Act;
[ ] Insurance company as defined in Section 3(a)(19) of the Act;
[ ] Investment company registered under Section 8 of the Investment Company Act of 1940;
[ ] An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
[ ] An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
[X] A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
[ ] A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
[ ] A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940;
[ ] A non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J);
[ ] Group, in accordance with Rule 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

Amount beneficially owned:

1194163

Percent of class

2.4%

Number of shares as to which such person has:

Sole power to vote or to direct the vote

1194163

Shared power to vote or to direct the vote

NONE

Sole power to dispose or to direct the disposition of

1194163

Shared power to dispose or to direct the disposition of

NONE

Item 5.

Ownership of 5 Percent or Less of a Class. If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following [X].

Item 6. Ownership of More than 5 Percent on Behalf of Another Person

N/A

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

See Exhibit A

Item 8. Identification and Classification of Members of the Group

If a group has filed this schedule pursuant to Rule 13d-1(b)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identity of each member of the group.

Item 9. Notice of Dissolution of Group

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity.

See Item 5.

Item 10. Certifications
By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Signature.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: July 08, 2014
BlackRock, Inc.

Signature: Matthew J. Fitzgerald

Name/Title Attorney-In-Fact

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

Exhibit A

Subsidiary

BlackRock Advisors, LLC
BlackRock Fund Advisors
BlackRock Institutional Trust Company, N.A.
BlackRock Investment Management, LLC

*Entity beneficially owns 5% or greater of the outstanding shares of the security class being reported on this Schedule 13G.

Exhibit B

POWER OF ATTORNEY

The undersigned, BLACKROCK, INC., a corporation duly organized under the laws of the State of Delaware, United States (the "Company"), does hereby make, constitute and appoint each of Matthew Mallow, Howard Surloff, Edward Baer, Bartholomew Battista, Dan Waltcher, Karen Clark, Daniel Ronnen, John Stelley, Brian Kindelan, John Blevins, Richard Froio, Matthew Fitzgerald and Con Tzatzakis acting severally, as its true and lawful attorneys-in-fact, for the purpose of, from time to time, executing in its name and on its behalf, whether the Company is acting individually or as representative of others, any and all documents, certificates, instruments, statements, other filings and amendments to the foregoing (collectively, "documents") determined by such person to be necessary or appropriate to comply with ownership or control-person reporting requirements imposed by any United States or non-United States governmental or regulatory authority, including without limitation Forms 3, 4, 5, 13D, 13F, 13G and 13H and any amendments to any of the foregoing as may be required to be filed with the Securities and Exchange Commission, and delivering, furnishing or filing any such documents with the appropriate governmental, regulatory authority or other person, and giving and granting to each such attorney-in-fact power and authority to act in the premises as fully and to all intents and purposes as the Company might or could do if personally present by one of its authorized signatories, hereby ratifying and confirming all that said attorney-in-fact shall lawfully do or cause to be done by virtue hereof. Any such determination by an attorney-in-fact named herein shall be conclusively evidenced by such person's execution, delivery, furnishing or filing of the applicable document.

This power of attorney shall expressly revoke the power of attorney dated 30th day of November,2011 in respect of the subject matter hereof, shall be valid from the date hereof and shall remain in full force and effect until either revoked in writing by the Company, or, in respect of any attorney-in-fact named herein, until such person ceases to be an employee of the Company or one of its affiliates.

IN WITNESS WHEREOF, the undersigned has caused this power of attorney to be executed as of this 10th day of July, 2012.

BLACKROCK, INC.

By:_ /s/ Chris Leavy

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Name: Chris Leavy
Title: Chief Investment Officer
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Benex Sector Limited Partnership IV				
	49,538	3		(644)
The Contents Com Co., Ltd.				
	14,916	1	54	398
PREGM Co., Ltd.				
	40,191	16,109	19,613	(23,691)
SK Technology Innovation Company				
	52,949	1,849		(1,678)

Due to such consolidation scope differences, for U.S GAAP purposes, net income for the years ended December 31, 2008 and 2010 increased by ₩187,833 million and ₩6,763 million, respectively, and net income for the year ended December 31, 2009 decreased by ₩3,920 million when compared to those under Korean GAAP. In addition, for U.S. GAAP purposes, the shareholders equity as of December 31, 2008, 2009 and 2010 decreased by

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

₩801,413 million, ₩89,175 million and ₩93,187 million respectively, when compared to that under Korean GAAP.

k. Reclassification of Investment in Equity Securities of SK C&C Co., Ltd.

Determining the Parent Company and appropriate Accounting of Equity Securities Investment

As of December 31, 2008, SK C&C held a 31% interest in SK Holdings; SK Holdings held a 23% interest in the Company and the Company in turn held a 30% interest in SK C&C. The three companies held equity interests in each other with voting rights, but no company had any legal or contractual right to be able to have control over the board of directors or equivalent governing body of one another. SK C&C is considered the Company s ultimate parent under Korean GAAP. Under U.S. GAAP due to the difference in the two GAAPs accounting literature and common practice related to the conditions in what constitutes a controlling interest or not, SK C&C is not considered as the Company s ultimate parent.

Under U.S. GAAP, the general condition for a controlling interest is ownership of a majority voting interest and therefore, as a general rule ownership by an investor, directly or indirectly, of over 50% of the outstanding voting shares of an investee is a condition indicative for the investee to be consolidated. Additionally, guidance indicates that the power to control may still exist with a non-majority (less than 50%) percentage of ownership by contract or otherwise. As a result, under U.S. GAAP, considering the ownership structure and voting percentages, the Company has accounted for its investment in each of the respective entities as an equity method investment.

Under Korean GAAP, the condition for a controlling interest is ownership of a majority voting interest, directly or indirectly. Alternatively a non-majority owner of over 30% of the total outstanding voting shares where such owner is also the largest shareholder is considered indicative of a controlling interest as described on Note 2.a Principles of Consolidation . Furthermore, the prevailing industry practices under Korean GAAP is that a company is considered to have control over its investee when it has historically appointed the majority of the board members and management of its investee, notwithstanding the lack of legal or contractual rights to do so.

As SK C&C holds a 31% interest and is the largest shareholder of SK Holdings, under Korean GAAP it is considered the parent company of SK Holdings. SK Holdings, in turn, is the largest shareholder of SK Telecom and has historically appointed the majority of the board members and management of SK Telecom notwithstanding its lack of legal or contractual right to do so. This indicates that SK Holdings has historically controlled the Company and should be considered the parent company of the Company; even though it had neither majority ownership nor legal or contractual right to have control over the board of directors or equivalent governing body. Therefore, SK C&C was considered to be the Company s ultimate parent company.

Additionally, under Korean GAAP, a subsidiary the Company, is presumed not to be able to have significant influence over its parent company SK C&C, as such the Company should not account for its investment in SK C&C under the equity method investment. As a result, during the year ended December 31, 2007, the Company reclassified its investment in equity securities of SK C&C Co., Ltd. from equity method investment to an available-for-sale security; as SK C&C Co., Ltd. became the ultimate parent of the Company in accordance with Korean GAAP. Under Korean GAAP, the carrying amount of the equity investment at the date that the Company ceased to apply equity method was the Company s new acquisition cost and the unrealized holding gains and losses incurred subsequent to the reclassifications are excluded from earnings and are reported within other comprehensive income.

Under U.S. GAAP, up to the year ended December 31, 2008, the Company owned 30% of SK C&C. When calculating the equity method adjustment, the Company s investment in SK C&C was considered to be reduced by SK C&C s indirect reciprocal holding of the Company through SK Holdings. As a result, the Company applied a 30% percentage to the financial information of SK C&C, after excluding SK C&C s indirect reciprocal holding of the Company through SK Holdings, to compute the Company s income related to its investment in SK C&C. The reciprocal interests effect of SK C&C s ownership interest in the Company through SK Holdings for the year ended

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

December 31, 2008 totaled ₩55,067 million. Refer below to the Company s condensed financial information of SK C&C under U.S. GAAP.

2009

During the year ended December 31, 2009, the Company disposed of 21% of its shares in SK C&C and the Company s ownership percentage decreased to 9%. As a result, the Company reclassified its investment in equity securities of SK C&C Co., Ltd. to available-for-sale securities reported at the fair value from equity method investment for U.S GAAP purposes; same as under Korean GAAP.

Due to such differences, for U.S. GAAP purposes, net income increased by ₩47,645 million for the year ended December 31, 2008, and net income decreased by ₩94,327 million for the year ended December 31, 2009 when compared to that under Korean GAAP. In addition, the shareholders equity decreased by ₩7,114 million at December 31, 2008, when compared to that under Korean GAAP.

At December 31, 2009 and 2010, there is no GAAP difference as the Company s investment in SK C&C Co., Ltd. is accounted for as an available-for-sale security reported at the fair value under both GAAP.

The following is the condensed financial information of SK C&C Co., Ltd. under U.S GAAP as discussed above, for the periods it was accounted for under the equity method, as of and for the year ended December 31, 2008 (in millions of Korean won):

		December 31, 2008
Current assets	₩	890,816
Non-Current assets		3,576,000
Total	₩	4,466,816
Current liabilities	₩	1,199,621
Non-Current liabilities		1,027,722
Shareholder s equity		2,239,473
Total	₩	4,466,816

		2008
Operating revenue	₩	1,275,185
Operating expenses		(1,185,971)
Operating income		89,214
Other income (expenses), net		131,458

Provision for income taxes		(3,785)
Net income	₩	216,887

l. Retroactive Application of Equity Method of Accounting

In March 2008, the Company purchased an additional 38.7% of equity interests of SK Broadband Co., Ltd. (SKBB), increasing its total percentage of ownership to 43.4%. At which point the Company began accounting for SKBB as a consolidated subsidiary under Korean GAAP.

Under Korean GAAP, when the investor is able to exercise significant influence through an step-up acquisition of an investee s shares, investment difference shall be calculated as if the shares were acquired in a lump-sum purchase on the same date significant influence became exercisable. In such a case, consideration for acquisition shall be computed as the sum of the fair values of shares acquired until the date that immediately precedes the date

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

on which significant influence became exercisable and the acquisition cost of shares additionally acquired on the date on which significant influence became exercisable. Unrealized gain or loss that arise on the fair-value valuation of the investee s shares held until the date on which significant influence becomes exercisable shall be included in current earnings of the period that includes the applicable date of the equity method.

Under US GAAP, the investment in SKBB previously held before the acquisition and accounted for under the fair value method is required to be changed to the equity method of accounting retroactively in a manner consistent with the accounting for a step-up acquisition of a subsidiary. As a result of such retroactive application of equity method of accounting on SKBB, net income for the years ended December 31, 2008 decreased by ₩21,025 million, respectively, and shareholders equity as of December 31, 2008 decreased by ₩62,382 million, when compared to that under Korean GAAP. Due to the additional purchase of SKBB discussed below, there is no GAAP difference for the year ended December 31, 2009.

During the year ended December 31, 2009, the Company acquired the additional 7.2% equity interest in SKBB, which resulted in the Company s ownership increase to more than 50%, and as a result SKBB was included in the Company s consolidation under U.S. GAAP. Refer to Note 32(m) for additional information related to the Company s investment in SKBB.

m. Business Combination

(1) Achieved-in-Stages

Under U.S. GAAP, in a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree to the fair value on the day the Company obtains control (due to the additional acquisition) and recognizes the resulting gain or loss, if any, in earnings. In prior reporting periods, the acquirer may have recognized its equity portion of the investee s changes in other comprehensive income, if so, such amount shall be reclassified and included in the calculation of gain or loss as of the acquisition date. Under Korean GAAP, in a business combination achieved in stages, the acquirer is not required to remeasure its previously held equity interest in the acquiree.

(a) Achieved-in-Stages: SKBB

During the year ended December 31, 2009, the Company acquired an additional 47,187,105 common shares or 7.2% of the outstanding shares of SKBB for ₩241,176 million, which increased the Company s ownership from 43.4% to 50.6%, at which point, its previous equity interest of 43.4% was remeasured by the closing market price of common stock of SKBB on the day the Company obtained control due to additional acquisitions. The fair value was evaluated at ₩548,114 million, at ₩5,350 per share of SKBB common stock, resulting in a loss of ₩439,920 million. Refer to Note 32 (l) above additional discussion on the Company previous ownership of 43.4%.

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company s allocation of purchase price to the acquired net assets of SKBB recorded at the fair value is as follows (in millions of Korean won):

		SK Broadband (SKBB) (100%)
Current assets	₩	793,889
Noncurrent assets		
Investments		61,799
Depreciable fixed assets		2,114,023
Land		297,946
Other long-term assets		226,257
Identifiable intangible assets		191,668
Total assets		3,685,582
Interest-bearing debts		(1,775,416)
Other liabilities		(393,916)
Total liabilities		(2,169,332)
Net assets	₩	1,516,250
Goodwill		55,856
Less: Remeasured exisiting equity interest of SKBB		(548,114)
Less: Non-controlling interest of SKBB		(782,816)
Purchase price of 7.2% additional acquisition of SKBB	₩	241,176

(b) Achieved-in-Stages: SK Telink

(i) SK Telink s purchase of 100% of TU Media

As of December 31, 2009, SK Telecom had 44.2% interest in TU Media, an equity method investee of the Company and 90.8% interest in SK Telink, a consolidated subsidiary. On November 1, 2010, SK Telink purchased 100% of TU Media, in exchange for newly issued SK Telink shares, and merged the operations of TU media into SK Telink.

SK Telecom obtained control of TU Media as a result of SK Telink s purchase of TU Media, and the transaction was accounted for as a business combination achieved in stages. Accordingly, SK Telecom s previously held equity interest in TU media was remeasured to ₩41,237 million, resulting in a gain of ₩6,368 million (₩41,237 million less the ₩34,869 million book value) in earnings.

SK Telecom recognized TU Media s identifiable net assets at their fair values of ₩15,739 million and goodwill of ₩61,017 million. The fair value of the total consideration for TU Media was ₩76,756 million; including the fair value of the previously held interest ₩41,237 million, the fair value of the additional ₩22,823 million acquisition, and the fair value of the non-controlling interest (at the consolidated level) of ₩12,696 million. The fair value of the consideration was valued through a third party valuation specialist; both SK Telink and TU Media are not publicly traded and therefore do not have readily determinable market prices available.

SK Telecom s ownership in SK Telink decreased from 90.8% to 83.5% as a result of SK Telink s issuance of new shares in connection with the acquisition of TU Media. Refer below (b)(ii) related to SK Telecom s decrease in ownership in SK Telink due to this transaction.

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In addition, under Korean GAAP as TU Media is accounted for as a consolidated subsidiary, SK Telink s purchase of TU Media s shares was accounted for as an Under Common Control transaction. Refer below (3) for discussion on the Korean GAAP treatment and difference between the U.S. GAAP treatment discussed above.

The allocation of the consideration paid to the acquired net assets of TU media recorded at the fair value is as follows (in millions of Korean won):

		TU Media (100%)
Consideration for additional acquisition of TU Media	₩	22,823
Fair value of previously held TU Media		41,237
Fair value of noncontrolling interest of TU Media		12,696
Fair value of TU Media	₩	**76,756**
Current assets	₩	36,554
Noncurrent assets		
Depreciable fixed assets		148,093
Identifiable intangible assets		15,503
Other long-term assets		11,925
Total assets		212,075
Interest-bearing debts		(176,974)
Other liabilities		(19,362)
Total liabilities		(196,336)
Net assets	₩	**15,739**
Fair value of TU Media	₩	76,756
Less: Net assets		15,739
Goodwill	₩	61,017

(ii) Decrease in ownership due to SK Telink s issuance of additional shares

Prior to SK Telink s purchase of TU Media, the Company owned 90.8% of SK Telink. On November 1, 2010, as part of the acquisition of TU Media, SK Telink issued new shares to all TU Media shareholders, including SK Telecom and other nonaffiliated entities, in exchange for TU Media shares.

Due to SK Telink s (subsidiary) issuance of new shares, SK Telecom s (parent) ownership in SK Telink decreased from 90.8% to 83.5%. However, overall, even though SK Telecom s ownership decreased, due to the acquisition of additional TU Media shares through SK Telink, SK Telink s book value (net assets) increased from ₩148,731 million to ₩225,488 million; and concurrently, SK Telecom s total carrying amount of SK Telink increased from ₩176,239 million to ₩188,191 million, from pre-merger to post-merger with TU Media, an increase of ₩11,952 million in equity.

(2) Acquisition-related Costs of the Acquirer

Under Korean GAAP, Costs incurred directly related to the business combination is capitalized as part of acquisition cost. But, under the revised U.S. GAAP regarding the *Business Combination* , effective January 1, 2009, such acquisition costs are accounted for separately from the business combination generally expensed as incurred.

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3) Under Common Control

Common control transactions are accounted for by the receiving entity based on the carrying amounts in the consolidated financial statements at the date of transfer. Under US GAAP, common control exists when (1) an individual or entity owns more than 50 percent of the voting interest of each entity; (2) immediate family members hold more than 50 percent of the voting interest of each entity, and there is no evidence that they will not vote in concert; or (3) a group of shareholders holds more than 50 percent of the voting interest of each entity and there is a written agreement that the shareholders will vote in concert. In addition to those conditions, under Korean GAAP, common control also exists when entities of which the Company or a controlled subsidiary owns more than 30% of the total outstanding voting stock and is the largest stockholder.

As a result, the Company s acquisition of a leased line business from SK Networks Co., Ltd., the additional acquisition of SKBB interest and merger achieved in stages between SK Telink Co., Ltd and TU Media Corporation were treated under common control transactions under Korean GAAP. But as discussed above, for U.S GAAP purposes, the transactions were scoped out of as common control transactions and as such, the identifiable asset acquired and the liabilities assumed from the business were measured at their fair value on acquisition date.

Due to the differences in business combination accounting discussed above, for U.S. GAAP purposes, the shareholders equity as of December 31, 2008, 2009 and 2010 increased by nil, ₩94,236 million and ₩116,410 million; while, net income for the years ended December 31, 2008, 2009 and 2010 decreased by nil, ₩340,979 million and ₩33,758 million when compared to that under Korean GAAP.

The additional information on the Company s acquisitions which were treated under common control transactions under Korean GAAP but treated as acquisitions achieved in stages under U.S. GAAP is as follows;

(4) Acquisition of leased line business from SK Networks Co., Ltd.

The identifiable assets acquired and the liabilities assumed from the business were measured at their fair values at the acquisition date. The purchase price (₩892,755 million in cash) exceeded the fair value of net tangible and identifiable intangible assets acquired from SK Networks Co., Ltd. and as a result, the Company recorded goodwill amounting to ₩635,337 million in connection with this transaction. The allocation of the purchase price of the assets acquired and liabilities assumed based on their fair values was under U.S. GAAP as follows (in millions of Korean won):

	SK Networks
Current assets	₩ 11,834
Noncurrent assets	
Depreciable fixed assets	773,608
Land	3,889
Other long-term assets	5,912
Identifiable intangible assets	132,135
Goodwill	635,337
Interest-bearing debts	(580,207)

Other liabilities		(19,285)
Deferred tax liabilities		(70,468)
Total	₩	892,755

SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) Pro forma information

SK Broadband Co., Ltd. s revenue and net loss included in the Company s consolidated income statement for the year ended December 31, 2009, since acquisition date of July 21, 2009, totaled ₩977,386 million and ₩133,737 million, respectively. SK Networks Co., Ltd. s revenue and earnings included in the Company s consolidated income statement for the year ended December 31, 2009, since acquisition date of September 30, 2009, was ₩29,752 million and ₩3,053 million. TU Media Corporation s revenue and net loss included in the Company s consolidated income statement for the year ended December 31, 2010, since acquisition date of November 1, 2010, was ₩102,896 million and ₩1,589 million, respectively.

The combined revenue and earnings of the Company under U.S. GAAP had the acquisition of SKBB investment, SK Networks Co., Ltd. s leased line business and merger of TU Media Corporation occurred as of January 1, 2008, 2009 and 2010 are as follows (in millions of Korean won):

	Year Ended December 31,		
	2008	**2009**	**2010**
Revenue	₩ 13,540,293	₩ 13,978,799	₩ 14,276,742
Earnings	738,469	1,275,801	1,414,138

n. Asset Securitization Transactions

Under U.S. GAAP, a transfer of financial assets in an asset securitization is accounted for as a sale only if all of the following conditions are met;

A. Isolation of transferred financial assets. The transferred financial assets have been isolated from the transferor but presumptively beyond the reach of the transferor and its creditors, even in bankruptcy or other receivership. Notwithstanding the isolation analysis, each entity involved in the transfer is subject to the applicable guidance on whether it shall be consolidated. A set-off right is not an impediment to meeting the isolation condition.

B. Transferee s rights to pledge or exchange. This condition is met if both of the following conditions are met:

1. Each transferee (or, if the transferee is an entity whose sole purpose is to engage in securitization or asset-backed financing activities and that entity is constrained from pledging or exchanging the assets it receives, each third-party holder of its beneficial interests) has the right to pledge or exchange the assets (or beneficial interests) it received.

2. No condition does both of the following:

i. Constrains the transferee (or third-party holder of its beneficial interests) from taking advantage of its right to pledge or exchange

ii. Provides more than a trivial benefit to the transferor

If the transferor, its consolidated affiliates included in the financial statements being presented, and its agents have no continuing involvement with the transferred financial assets, the sale condition is met.

C. Effective control. The transferor, its consolidated affiliates included in the financial statements being presented, or its agents do not maintain effective control over the transferred financial assets or third-party beneficial interests related to those transferred assets. A transferor s effective control over the transferred financial assets includes, but is not limited to, any of the following:

1. An agreement that both entitles and obligates the transferor to repurchase or redeem them before their maturity

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. An agreement, other than through a cleanup call, that provides the transferor with both of the following:

i. The unilateral ability to cause the holder to return specific financial assets

ii. A more-than-trivial-benefit attributable to that ability.

3. An agreement that permits the transferee to require the transferor to repurchase the transferred financial assets at a price that is so favorable to the transferee that it is probable that the transferee will require the transferor to repurchase them

However, under Korea GAAP, when a transfer of financial assets in an asset securitization is conducted in accordance with the Korean Asset Securitization Act which does not prohibit transferor to purchases subordinated bond of and provides credit enhancement to securitization vehicle, such transfer is generally accounted for as a sale of financial assets and the securitization vehicle is generally not consolidated into the transferor.

Due to such differences, for U.S. GAAP purposes, the shareholders equity as of December 31, 2009 and 2010 decreased by ₩15,489 and nil, respectively, and net income for the year ended December 31, 2009 increased by ₩15,489 million and net income for the year ended December 31, 2010 decreased by ₩15,489 when compared to that under Korean GAAP. As there was no transfer of financial assets during the years ended December 31, 2008 , no such GAAP differences were incurred to reconcile.

o. Income Taxes

Uncertainty in income taxes

Under U.S. GAAP, effective January 1, 2007, the Company adopted authoritative guidance on accounting for uncertainty in income taxes which set outs a consistent framework to be used to determine the appropriate level of tax reserve for uncertain tax positions. No such accounting is required under Korean GAAP. As a result of the adoption, the income tax expenses for the years ended December 31, 2008 and 2009 decreased by ₩2,778 million and ₩2,711 million, respectively, whereas income tax expenses for the years ended December 31, 2010 increased by ₩53,869 million. In addition, for U.S. GAAP purposes, the shareholders equity as of December 31, 2008, 2009 and 2010 decreased by ₩10,440 million, ₩7,683 million and ₩61,552 million, respectively, when compared to that under Korean GAAP.

Effect of change in tax law

Under Korean GAAP, the effect of changes in tax law related directly to shareholders equity are recorded in the shareholders equity. Under U.S. GAAP, the effect of changes in tax law related to items directly in shareholders equity are recorded in continuing operations in the period of the new tax law enactment. Due to such differences and the new tax law enactment in Korea for U.S GAAP purposes, net income for the year ended December 31, 2008 increased by ₩30,066 million when compared that under Korean GAAP. There were no new tax law enactment impacts on net income for the years ended December 31, 2009 and 2010, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

p. Tax effect of the reconciling items

The applicable statutory tax rate used to calculate the tax effect of the reconciling items on the net income reconciliation between Korean GAAP and U.S. GAAP for the years ended December 31, 2008, 2009 and 2010 were 27.5%, 24.2% and 24.2%, respectively. Such tax rates are inclusive of resident surtax of 2.5%, 2.2% and 2.2%. The following is a reconciliation of the tax effect of the reconciling items on net income (in millions Korean won):

	2008	**2009**	**2010**
Net income based on U.S. GAAP	951,737	1,356,682	1,396,621
Net income based on Korean GAAP	972,338	1,055,606	1,297,176
Total GAAP adjustments on net income	(20,601)	301,076	99,445
Adjustments related to tax items:			
FIN 48 effect	(2,778)	(2,711)	53,869
Tax effect of the reconciling items	(46,947)	111,098	(68,684)
Effect of changes in tax law	(30,066)		
Non-taxable adjustments:			
Reversal of amortization of goodwill (Note a)	(179,116)	(164,341)	(171,254)
Goodwill impairment (Note a)	105,781		
Currency swap (Note b)	(17,077)		14,559
Retroactive application of SK Broadband Investment (Note b)	21,025		
Consolidation of variable interest entity (Note c)	34,303	36,260	
Scope of consolidation (Note d)	(187,833)	3,920	(6,763)
Business combination (Note e)		328,172	(7,520)
Provision for credit loss (Note b)			(16,077)
Nonrefundable activation fees and others (Note b)	4,779	(3,635)	(590)
Taxable GAAP adjustments	(318,530)	609,839	(103,015)
Applicable tax rate	27.5%	24.2%	24.2%
Tax effect	(87,596)	147,581	(24,930)
Tax effect from statutory tax rate change on reconciling item (Note f)	40,649	(36,483)	(43,754)
Tax effect of the reconciling items	(46,947)	111,098	(68,684)

(Note a) Certain goodwill amortization constitutes a non-deductible expense under local tax law and as such, the corresponding effects were not considered in the U.S. GAAP adjustment.

(Note b) The amount represents the U.S. GAAP adjustment from our equity method investees and subsidiary. Due to continuing loss of the investees and subsidiary, the corresponding tax effect were not considered.

(Note c) As of December 31, 2009, the amount represents non-controlling interest of S-Telecom which was consolidated under U.S. GAAP while accounted for as an equity method investee under Korean GAAP. Under Korean GAAP, due to the continued loss of S-Telecom, corresponding loss were no longer deductible.

(Note d) The amount represents the certain entities non-deductible (or non-taxable earnings) recognized under U.S. GAAP. These entities are consolidated under Korean GAAP, while they are accounted for as an equity method investee under U.S. GAAP and vice versa.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Note e) The amount mainly represents the non-taxable adjustment related to the revaluation of pre-existing ownership of SKBB step-acquisition acquisition, under U.S. GAAP; under Korean GAAP no revaluation of the pre-existing ownership was made.

(Note f) Represents decrease of deferred tax liabilities due to an enactment of a new tax law. We applied 24.2%, 22% and 22% for years ended December 31, 2008, 2009 and 2010, respectively, to calculate current deferred tax assets or liabilities and long-term deferred tax assets or liabilities in accordance with the enacted tax law.

q. Marketable Securities and Investments Securities

Under Korean GAAP, non-marketable securities should be classified as available-for-sale and carried at cost or fair value if applicable, with unrealized holding gains and losses reported as other comprehensive income. Under U.S. GAAP, investment in non-marketable equity securities that do not have a readily determinable fair value should be accounted for under the cost method. Due to such differences, for U.S. GAAP purposes, shareholders equity as of December 31, 2008, 2009 and 2010 increased by nil, ₩8,833 million and ₩5,000 million, respectively, when compared to that under Korean GAAP.

Under Korean GAAP, all transaction costs that are directly attributable to the acquisition of a security are included in the initial measurement of any security. But, under U.S. GAAP, fees paid to the seller less any fees received are included as part of the initial investment in the debt security that are classified as Held-to-Maturity or Available-for-Sales and are recognized as an adjustment to the yield of the debt security over its remaining life. All other costs incurred as part of the acquisition are expensed immediately as incurred. As the impact of such GAAP differences on the net income and shareholders equity as of and for the years ended as of December 31, 2008, 2009, and 2010, no reconciling adjustment exists.

Information with respect to available-for-sale and held-to-maturity securities under U.S. GAAP guidance at December 31, 2008, 2009 and 2010 is as follows (in millions of Korean won):

	Cost (Amortized Cost)	Gross Unrealized Gains	Gross Unrealized Losses	Impairment Losses	Fair Value
At December 31, 2008:					
Available-for-sale					
Equity securities	₩ 1,878,049	₩ 681,260	₩ (73)	₩ (208,453)	₩ 2,350,783
Debt securities	5,696			(552)	5,144
Held-to-maturity securities	112				112
	₩ 1,883,857	₩ 681,260	₩ (73)	₩ (209,005)	₩ 2,356,039
At December 31, 2009:					
Available-for-sale					

Equity securities	₩	603,206	₩	1,223,542	₩	(1,293)	₩	(4,997)	₩	1,820,458
Debt securities		354,886				(122)		(884)		353,880
Held-to-maturity securities		1,006								1,006
	₩	959,098	₩	1,223,542	₩	(1,415)	₩	(5,881)	₩	2,175,344
At December 31, 2010:										
Available-for-sale										
Equity securities	₩	417,196	₩	994,103	₩	(446)	₩	(1,744)	₩	1,409,109
Debt securities		34,962						(2,702)		32,260
Held-to-maturity securities										
	₩	452,158	₩	994,103	₩	(446)	₩	(4,446)	₩	1,441,369

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Gross proceeds from the sale of available-for-sale securities were ₩470,309 million, ₩1,662,501 million and ₩299,419 million for the years ended December 31, 2008, 2009 and 2010, respectively. Gross realized gains for the years ended December 31, 2008, 2009 and 2010 were ₩14,466 million, ₩299,531 million and ₩167,223 million, respectively. Gross realized losses for the years ended December 31, 2008, 2009 and 2010 were ₩500 million, ₩53 million and ₩18 million, respectively. Gross unrealized losses of ₩73 million, ₩1,415 million and ₩446 million at December 31, 2008, 2009 and 2010 for which impairment has not been recognized, have been in a continuous unrealized loss position for less than twelve months.

r. Determination of Acquisition Cost of Equity Interest in Subsidiary

Under Korean GAAP, the acquisition cost is determined at the closing market price of the parent company s common stock when the common stock is actually issued. Under U.S. GAAP, through year ended December 31, 2008, when a parent company acquires an equity interest in a subsidiary in exchange for newly issued common stock of the parent company, the acquisition cost of the equity interest in a subsidiary is determined at the market price of the parent company s common stock for a reasonable period before and after the date the terms of the acquisition are agreed to and announced. In addition, there are certain other differences in the methods of allocating cost to assets acquired. Due to such differences, for U.S. GAAP purposes, the shareholders equity as of December 31, 2008, 2009 and 2010 increased by ₩28,358 million when compared to that under Korean GAAP. Beginning the year ended December 31, 2009, due to new accounting guidance related to business combination issued, such GAAP differences no longer exist.

Under Korean GAAP, in a business combination between a publicly traded company and a privately held company where an acquirer is the privately held company and the acquirer issues its own equity shares to the acquiree s stockholders as purchase proceeds, the cost of the acquired entity is determined based on the fair value of the acquirer s net assets. Under U.S. GAAP, it is appropriate to use the market value of a publicly traded company to value the acquisition when the acquiree is a publicly traded company and the acquirer is a privately held company. Due to such differences, for U.S. GAAP purposes, the shareholders equity as of December 31, 2008, 2009 and 2010 increased by ₩102,433 million in each period, when compared to that under Korean GAAP.

The combined effect of the differences discussed above, from Korean GAAP to U.S. GAAP to the shareholder s equity as of December 31, 2008, 2009 and 2010 is an increase of ₩130,791 million as of each period end.

s. Additional Equity Investment in Subsidiaries

Historically, there has been a difference in accounting for additional equity investment in subsidiaries between Korean GAAP and U.S. GAAP. The difference was due to the difference in the accounting treatment guidance itself and the difference in scope of consolidation an entity that may be consolidated for Korean GAAP purposes may not necessarily be consolidated for U.S. GAAP purposes and vice versa.

Under Korean GAAP, when additional interest is acquired after acquiring a controlling interest in a subsidiary, the differences between the Company s acquisition cost of the additional interest and the corresponding carrying amount of the acquired additional interest in a subsidiary is presented as an adjustment to capital surplus. Under U.S. GAAP, through year ended December 31, 2008, the cost of an additional interest was allocated based on the fair value of net assets acquired at the time the additional interest was acquired, with the excess allocated to goodwill. However, beginning the year ended December 31, 2009, due to the revised accounting guidance for U.S. GAAP related to business combination and non-controlling interest which was prospectively applied, the accounting treatment for additional interest acquired after acquiring a controlling interest in a subsidiary became the same under both GAAPs

As a result, due to the historical differences in GAAP, additional shareholders equity of ₩1,012,861 million, ₩1,013,438 million and ₩1,013,438 million, as of December 31, 2008, 2009 and 2010 were adjusted for U.S. GAAP purposes compared to Korean GAAP. While due to the difference in scope of consolidation, additional

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shareholders equity of ₩40,026 million, ₩2,952 million and ₩31,715 million, as of December 31, 2008, 2009 and 2010 was recognized for U.S. GAAP purposes, compared to Korean GAAP. In total additional shareholders equity of ₩1,052,887 million, ₩1,016,390 million and ₩1,045,153 million, as of December 31, 2008, 2009 and 2010 under U.S. GAAP is recognized. Going forward, except for a difference due to difference in scope of consolidation, there will no longer exist a GAAP difference related to accounting for additional equity investment in subsidiaries.

t. Loans Receivable for Stock Issued to Employee

Korean GAAP allows for recording notes receivables for capital stock issued to employees as an asset, while U.S. GAAP generally requires such receivables to be reported as a reduction of stockholders equity. Due to such differences, for U.S. GAAP purposes, the shareholders equity as of December 31, 2008, 2009 and 2010 decreased by ₩60,908 million, ₩57,615 million and ₩43,052 million, respectively, when compared to that under Korean GAAP.

u. Deferred Charges

Korean GAAP requires that bond issuance costs are deducted bonds proceeds. Under U.S. GAAP, bond issuance costs are capitalized as deferred assets and amortized over the redemption period of the related obligation.

v. Handset Subsidies to Long-time Mobile Subscribers

Under Korean GAAP, handset subsidies are recorded as operating expenses. Under US GAAP, such amounts are recorded as reduction of revenue.

w. Comprehensive Income

Under Korean GAAP, until the year ended December 31, 2006, there was no requirement to present comprehensive income. Effective January 1, 2007, revised guidance requires the disclosure of comprehensive income and its components in consolidated financial statements. However, the format of such disclosure under Korean GAAP differs from that under U.S. GAAP. Under U.S. GAAP, comprehensive income includes all changes in the shareholders equity during a period except those resulting from investments by, or distributions to owners,

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

including certain items not included in the current results of operations. Comprehensive income under U.S. GAAP for the years ended December 31, 2008, 2009 and 2010 is as follows (in millions of Korean won):

	2008		2009		2010	
Net income	₩	951,737	₩	1,356,682	₩	1,396,621
Other comprehensive income:						
Available-for-sale securities						
Unrealized gain (loss) on investment securities		(1,080,978)		852,171		(209,845)
Less impact of realized losses (gains)		1,730		(297,536)		(51,438)
Tax effect		292,840		(141,481)		55,875
Net change from available-for-sale securities		(786,408)		413,154		(205,408)
Foreign-based operations translation adjustments		67,057		(49,899)		(6,246)
Total other comprehensive income		(719,351)		363,255		(211,654)
Comprehensive income		232,386		1,719,937		1,184,967
Less comprehensive loss attributable to non controlling interest		118,879		125,760		129,510
Comprehensive income attributable to the Company	₩	351,265	₩	1,845,697	₩	1,314,477

x. Discontinued Operation

As disclosed on Note 2.ab Discontinued Operation , during the year ended December 31, 2008, the Company disposed of its investment in Helio LLC which was incorporated to provide cellular telephone communication service in the U.S. to Virgin Mobile USA, Inc. Under Korean GAAP, when a subsidiary is disposed of during the year, the results of its operations are treated as a discontinued operation and as such the results of operations and cash flows of Helio LLC were presented as a discontinued operation during the years ended December 31, 2008. For the year ended December 31, 2008, as the Company had significant influence over Virgin Mobile USA, Inc., it accounted for it as an equity method investment.

Under U.S. GAAP, as the Company had significant continuing involvement in legacy Helio LLC operations, now under Virgin Mobile USA, the results of operations and cash flows of Helio LLC was as a continuing operation based on relevant discontinued operation accounting literature; while the Company considered its investment in Virgin Mobile USA., Inc., as an equity method investment.

During the year ended December 31, 2009, the Company exchanged its 16.6% equity interest in Virgin Mobile Inc. for 0.6% equity interest in Sprint Nextel due to the merger between Sprint Nextel and Virgin Mobile Inc.. As a result, the Company no longer had significant continuing involvement in the legacy Helio LLC s operation under Sprint Nextel nor significant influence over Sprint Nextel.

Under U.S. GAAP, based on relevant discontinued operation accounting literature, the results of operations and cash flows of Helio LLC for the year ended December 31, 2009 is still recognized as part of continuing operations. In addition, under both GAAPs, the Company recognizes its investment in Sprint Nextel as an available-for-sale equity investment. As such, a reconciling item between the two GAAPs no longer exists.

As disclosed on Note 2.ab Discontinued Operation , during the year ended December 31, 2010, the Company disposed of its investment in IHQ Inc. IHQ was a consolidating subsidiary under Korean GAAP, however, an equity method investee for U.S GAAP purposes. As a result, the results of its operations which was treated as a discontinued operation under Korean GAAP has been reversed and accounted for as equity loss for U. S GAAP purposes.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Changes in shareholders equity based on U.S. GAAP for the years ended December 31, 2008, 2009 and 2010 are as follows (in millions of Korean won):

	Year Ended December 31, 2008	2009	2010
Balance, beginning of the year	₩ 12,897,647	₩ 12,562,019	₩ 14,260,772
Net income for the year	951,737	1,356,682	1,396,621
Dividends	(682,504)	(681,548)	(680,043)
Unrealized gain (loss) on valuation of securities, net of tax	(786,408)	413,154	(205,408)
Equity in capital surplus, retained earnings and other comprehensive income of affiliates (note a)	(77,879)	(168,712)	100,492
Conversion of convertible bonds payable	(6,277)		
Treasury stock transactions	(14,137)	(30,602)	(210,355)
Foreign-based operations translation adjustments	67,057	(49,899)	(6,246)
Decrease (Increase) in loans receivable for stock issued to employees	(26,092)	3,293	14,563
Change in non-controlling interest	238,875	856,385	(97,663)
Balance, end of the year	₩ 12,562,019	₩ 14,260,772	14,572,733

(note a) This line item consists of the adjustments to the carrying amount of equity method investments based on the Company s proportionate equity pickup in affiliates using the equity method of accounting, which are directly adjusted to stockholders equity of affiliates, such as unrealized gains or losses on valuation of available-for-sale securities, foreign-based operations translation adjustments in affiliates and stock transactions by affiliates.

A reconciliation of the significant balance sheet accounts except for the above listed shareholders equity items to the amounts determined under U.S. GAAP as of December 31, 2008, 2009 and 2010 is as follows (in millions of Korean won):

	December 31, 2008	2009	2010
Current assets:			
As reported	₩ 5,422,447	₩ 6,370,631	₩ 6,972,989
U.S. GAAP adjustments:			
Deferred charges	406	5,174	2,201
Investment securities without readily determinable fair value			(3,986)

Loans receivable for stock issued to employees	(1,252)	(1,153)	(10,551)
Consolidation of variable interest entity	(55,967)		
Scope of consolidation	(836,324)	(91,039)	(132,496)
Reclassification of SK C&C investment		450,000	450,000
Business combination		4,340	
Asset Securitization Transactions		505,839	

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SK TELECOM CO., LTD. AND SUBSIDIARIES

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	December 31, 2008	2009	2010
FIN 48 effect		260	3
Tax effect of the reconciling items	53,055	(111,279)	(103,625)
Current assets based on U.S. GAAP	4,582,365	7,132,773	7,174,535
Non-current assets:			
As reported	17,051,224	16,835,625	15,678,716
U.S. GAAP adjustments:			
Deferred charges	11,423	25,646	19,705
Capital lease	(576)	(576)	(576)
Investment securities without readily determinable fair value		8,833	8,986
Determination of acquisition cost of equity interest in subsidiary	130,791	130,791	130,791
Additional equity investment in subsidiaries	1,110,645	1,016,966	1,055,510
Reversal of amortization of goodwill	931,509	1,195,557	1,281,530
Investment in preferred stock			6,359
Goodwill impairment	(118,570)	(118,570)	(118,570)
Capitalization of foreign exchange losses and interest expense related to tangible assets	62,098	69,714	66,215
Capitalization of interest expenses related to purchase of intangible assets	(42,572)	(37,300)	(32,028)
Nonrefundable activation fees	8,099	9,077	9,129
Loans receivable for stock issued to employees	(59,656)	(56,462)	(32,501)
Convertible bonds payable	281	281	
Currency and interest rate swap	(51,121)	9,821	(4,620)
Provision for credit loss			15,964
Consolidation of variable interest entity	76,022		
Scope of consolidation	(2,386,994)	(209,942)	26,452
Reclassification of SK C&C investment	(7,114)	(450,000)	(450,000)
Asset Securitization Transactions		(90,980)	
Business combination		132,398	277,352
Retroactive application of equity method of accounting on SKBB investment	(62,382)		
FIN 48 effect	(1,621)	382	352
Tax effect of the reconciling items	5,332	184,276	185,414
Non-current assets based on U.S. GAAP	16,656,818	18,655,537	18,124,180
Total assets based on U.S. GAAP	₩ 21,239,183	₩ 25,788,310	₩ 25,298,715

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SK TELECOM CO., LTD. AND SUBSIDIARIES

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	December 31, 2008	2009	2010
Current liabilities:			
As reported	₩ 4,628,821	₩ 4,894,936	₩ 5,915,300
U.S. GAAP adjustments:			
Deferred charges	406	5,174	198
Considerations for conversion right	26,577		9
Nonrefundable activation fees	218,284	215,692	190,891
Consolidation of variable interest entity	52,031		
Asset Securitization Transactions		399,370	
Business combination		4,340	2,003
Scope of consolidation	(1,081,778)	(202,318)	(12,416)
Current liabilities based on U.S. GAAP	3,844,341	5,317,194	6,095,985
Non-current liabilities:			
As reported	6,020,410	5,966,695	4,257,755
U.S. GAAP adjustments:			
Deferred charges	11,423	25,646	15,178
Considerations for conversion right	16,753	32,740	68,230
Nonrefundable activation fees	188,173	151,084	165,958
Currency and interest rate swap	(5,618)	(554)	(119)
Consolidation of variable interest entity	698		
Scope of consolidation	(1,373,619)	(9,488)	(444)
Business combination		38,162	(3,553)
FIN 48 effect	9,049	8,325	61,907
Tax effect of the reconciling items	(34,446)	(2,266)	65,085
Non-current liabilities based on U.S. GAAP	4,832,823	6,210,344	4,629,997
Total liabilities based on U.S. GAAP	₩ 8,677,164	₩ 11,527,538	₩ 10,725,982

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The following table reconciles cash flows from operating, investing and financing activities for the years ended December 31, 2008, 2009 and 2010 and cash and cash equivalents at December 31, 2008, 2009 and 2010 under Korean GAAP, as reported in the consolidated financial statements to cash flows from operating, investing and financing activities for the years ended December 31, 2008, 2009 and 2010 and cash and cash equivalents at December 31, 2008, 2009 and 2010 under U.S. GAAP (in millions of Korean won):

	2008	2009	2010
Cash flows from operating activities based on Korean GAAP	₩ 3,293,018	₩ 2,932,633	₩ 4,021,021
Adjustments:			
Trading security cash flows	(40)	(14)	(168)
Consolidation of variable interest entity	7,010	10,402	
Scope of consolidation	(389,761)	(62,328)	(41,249)
Pre-acquisition cash flows of subsidiaries		183,090	
Discontinued operation	(213,899)		
Cash flows from operating activities based on U.S. GAAP	₩ 2,696,328	₩ 3,063,783	₩ 3,979,604
Cash flows from investing activities based on Korean GAAP	₩ (3,876,959)	₩ (1,826,005)	₩ (2,358,678)
Adjustments:			
Trading security cash flows	40	14	168
Consolidation of variable interest entity	(11,006)	(173)	
Scope of consolidation	7,001	(223,601)	(48,895)
Pre-acquisition cash flows of subsidiaries		(74,884)	
Discontinued operation	(51,631)		
Cash flows from investing activities based on U.S. GAAP	₩ (3,932,555)	₩ (2,124,649)	₩ (2,407,405)
Cash flows from financing activities based on Korean GAAP	₩ 866,822	₩ (1,206,991)	₩ (1,818,288)
Adjustments:			
Consolidation of variable interest entity	1,126	(11,802)	
Scope of consolidation	241,743	290,467	32,368
Pre-acquisition cash flows of subsidiaries		88,340	
Discontinued Operation	9,015		
Cash flows from financing activities based on U.S. GAAP	₩ 1,118,706	₩ (839,986)	₩ (1,785,920)
The effect of exchange rate changes on cash and cash equivalents held in foreign currencies based on Korean GAAP	₩ 37,371	₩ (7,405)	₩ (5,222)
Adjustments:			

Consolidation of variable interest entity		938		(10)		
Scope of consolidation		(4,129)		(1,015)		807
Discontinued Operation						
The effect of exchange rate changes on cash and cash equivalents held in foreign currencies based on U.S. GAAP	₩	34,180	₩	(8,430)	₩	(4,415)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2008	2009	2010
Net increase (decrease) in cash and cash equivalents due to changes in consolidated subsidiaries based on Korean GAAP	₩ 36,413	₩ 46,258	₩ (18,242)
Adjustments:			
Consolidation of variable interest entity		(427)	
Scope of consolidation	(77,346)	253,307	(20,359)
Discontinued operation			
Net increase (decrease) in cash and cash equivalents due to changes in consolidated subsidiaries based on U.S. GAAP	₩ (40,933)	₩ 299,138	₩ (38,601)
Pre-acquisition cash flows of subsidiaries based on Korean GAAP	₩ 17,250	₩	₩ (23,406)
Adjustments:			
Scope of consolidation	(17,250)		23,406
Pre-acquisition cash flows of subsidiaries		(196,546)	
Discontinued operation			
Pre-acquisition cash flows of subsidiaries based on U.S. GAAP	₩	₩ (196,546)	₩
Increases in cash and cash equivalents due to merger based on Korea GAAP	₩	₩	₩
Adjustments			10,367
Increase in cash and cash equivalents due to merger based on U.S. GAAP	₩	₩	₩ 10,367
Cash flows from discontinued operation based on Korean GAAP	₩ (248,437)	₩ 3,669	₩ 27,398
Adjustments:			
Scope of consolidation	(71)	(1,943)	(18,202)
Discontinued operation	256,515		
Cash flows from discontinued operation based on U.S. GAAP	₩ 8,007	₩ 2,026	₩ 9,196
Cash and cash equivalents at beginning of the year based on Korean GAAP	₩ 885,989	₩ 1,011,467	₩ 953,926
Adjustment:			
Consolidation of variable interest entity	3,942	2,010	
Scope of consolidation	(66,312)	(306,125)	(51,238)
Cash and cash equivalents at beginning of the year based on U.S. GAAP	₩ 823,619	₩ 707,352	₩ 902,688

Cash and cash equivalents at end of the year based on Korean GAAP	₩	1,011,467	₩	953,926	₩	778,509
Adjustments:						
Consolidation of variable interest entity		2,010				
Scope of consolidation		(306,125)		(51,238)		(112,995)
Cash and cash equivalents at end of the year based on U.S GAAP	₩	707,352	₩	902,688	₩	665,514

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	2008	2009	2010
Cash paid for interest (net of amounts capitalized)	₩ 243,319	₩ 339,298	360,249
Cash paid for income taxes	₩ 422,506	₩ 557,005	660,316

33. ADDITIONAL DISCLOSURES REQUIRED BY U.S. GAAP

a. Income Taxes

Income tax expense for continuing operation under U.S. GAAP for the years ended December 31, 2008, 2009 and 2010 is as follows (in millions of Korean won):

	Year Ended December 31,		
	2008	2009	2010
Currently payable	₩ 494,163	₩ 610,561	₩ 525,488
Deferred	(332,034)	(127,409)	(136,249)
	₩ 162,129	₩ 483,152	₩ 389,239

The difference between the actual income tax expense and the tax expense computed by applying the statutory Korean corporate income tax rates to income before taxes for the years ended December 31, 2008, 2009 and 2010 is attributable to the following (in millions of Korean won):

	Year Ended December 31,		
	2008	2009	2010
Income from continuing operation before income taxes and appropriate item	₩ 1,196,266	₩ 1,850,028	₩ 1,790,574
Equity in earnings (loss) of unconsolidated business	(81,215)	(20,972)	(5,602)
	1,115,051	1,829,056	1,784,972
Income taxes at statutory income tax rate of 25% in 2008 and 22% in 2009 and 2010	278,763	402,392	392,694
Resident surtax payable	27,876	40,239	39,269
Tax credit for investments, technology, human resource development and others	(98,551)	(98,242)	(37,074)
	23,296	16,521	6,720

Special surtax for agriculture and fishery industries and other						
Additional income tax (tax refund) for prior periods		(60,130)		10,947		(7,508)
Tax effect from statutory tax rate change		(58,672)		(29,001)		(2,763)
Undistributed earnings (unrecognized deficit) of subsidiaries		110		(17,511)		(211)
Other permanent differences		13,157		(30,945)		(14,228)
Change in valuation allowance		36,280		188,752		12,340
Recorded income taxes	₩	162,129	₩	483,152	₩	389,239
Effective tax rate		14.54%		26.42%		21.58%

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The tax effects of temporary differences that resulted in deferred tax assets and liabilities at December 31, 2008, 2009 and 2010 computed under U.S. GAAP, and a description of the financial statement items that created these differences are as follows (in millions of Korean won):

	Year Ended December 31, 2008	2009	2010
Current:			
Allowance for doubtful accounts	₩ 14,530	₩ 42,693	₩ 41,832
Accrued interest income	(1,594)	(980)	(846)
Provision for handset subsidy		128,785	160,625
Net operating loss carryforwards	1	61	78
Tax credit carryforwards	570	225	1
Accrued expenses and other	66,868	(76,358)	(105,477)
	80,375	94,426	96,213
Non-current:			
Depreciation	(33,262)	(15,599)	7,570
Loss on impairment of investment securities	80,750	41,417	30,529
Equity in losses (earnings) of affiliates	(20,151)	(178,156)	(64,773)
Unrecognized deficit (undistributed earnings) of subsidiaries	(59,122)	112,136	46,458
Tax free reserve for research and manpower development	(80,707)	(132,244)	(80,761)
Unrealized loss (gain) on valuation of long-term investment securities (accumulated other comprehensive income)	(77,738)	(164,542)	(40,812)
Property and equipment		(36,327)	(26,600)
Intangible assets		(27,405)	(21,741)
Tax credit carryforwards	1,066	531	357
Net operating loss carryforwards		83	2,370
Deferred charges and other	(55,013)	72,465	51,482
	(244,177)	(327,641)	(95,921)
Total deferred tax liabilities	₩ (163,802)	₩ (233,215)	₩ 292

Under U.S. GAAP, effective January 1, 2007, the Company adopted authoritative guidance on accounting for uncertainty in income taxes which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The first step is recognition: we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes

SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for the years ended December 31, 2008, 2009 and 2010 is as follows (in millions of Korean won):

	2008	2009	2010
Beginning of period	₩ 9,989	₩ 9,305	₩ 5,204
Gross increases for tax position of prior years	186	1,578	2
Gross decreases for tax position of prior years	(2,629)	(1,307)	(525)
Lapses of statues of limitations	(474)	(4,503)	(506)
Gross increases for tax position of current year	2,233	131	37,341
Gross decreases for tax position of current year			(282)
Ending of period	₩ 9,305	₩ 5,204	₩ 41,234

Total unrecognized tax benefits at December 31, 2008, 2009 and 2010 are ₩7,375 million, ₩4,561 million and ₩40,897 million, respectively, that, if recognized, would favorably affect the effective income tax rate. The remaining unrecognized tax benefits relate to temporary items that would not affect the effective income tax rate.

The Company recognizes any interest and penalties accrued related to unrecognized tax benefits in income tax expense. The Company accrued approximately ₩3,019 million, ₩3,121 million and ₩20,673 of interest and penalties at December 31, 2008, 2009 and 2010, respectively.

It is expected that the amount of unrecognized tax benefits will also change for other reasons in the next 12 months; however, we do not expect that change to have a significant impact on our financial position or results of operations.

The Company files income tax returns in the Republic of Korea jurisdiction and also files income tax returns in a number of foreign jurisdictions. However, historically the Company s foreign income tax activity has been immaterial. Through end of 2009, the National Tax Service, or NTS, has effectively completed the examination of our returns in the Republic of Korea related to years prior to 2004.

In major foreign jurisdictions, the 2005 through 2010 tax years generally remain subject to examination by their respective tax authorities.

In November 2010, NTS performed a tax examination for the Company s open tax years from 2005 through 2009, in the Korean jurisdiction. NTS completed its examination during May 2011 and its preliminary assessment was issued in June 2011. As part of the Company s year-end uncertain tax position assessment at December 31, 2010, the Company recognized tax positions for likely NTS assessments, that are considered to be greater than 50 percent of being realized upon ultimate NTS assessment, and recorded such amount. There is no significant difference between the amount recognized by the Company and the NTS preliminary assessment. And, in Korean jurisdiction, 2010 tax year remains open to examination.

b. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments under U.S. GAAP as of December 31, 2008, 2009 and 2010 for which it is practicable to estimate that value:

Cash and Cash Equivalents, Accounts Receivable (trade and other), Short-term Loans, Accounts Payable and Short-term Borrowings

The carrying amount approximates fair value because of the short maturity of those instruments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Trading Securities and Long-term Investment Securities

For investments in non-listed companies stock, a reasonable estimate of fair value could not be made without incurring excessive costs. Additional information pertinent to these investments is provided in Note 4. The fair value of investments in listed companies stock, public bonds, and other marketable securities are estimated based on quoted market prices for those or similar investments.

Long-term Bank Deposits

The carrying amount approximates fair value as such long-term bank deposits bear interest rates currently available for similar deposits.

Long-term Loans

The fair value of long-term loans is estimated by discounting the future cash flows using the current interest rate of time deposits with similar maturities.

Bonds Payable, Bonds with Stock Warrant, Convertible Bonds, Long-term Borrowings, Long-term Payable Other and Obligation under Capital Leases

The fair value of these liabilities is estimated based on the quoted market prices for the same or similar issues or on the current interest rates offered for debt of the same remaining maturities.

Long-term Accounts Receivable (trade and other)

The fair value of long-term accounts receivables is estimated by discounting the future cash flows using the current interest rate applied to debtor.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following summarizes the carrying amounts and fair values of financial instruments as of December 31, 2008, 2009 and 2010 (in millions of Korean won)

	2008		2009		2010	
	Carrying Amount (note a)	Fair Value	Carrying Amount (note a)	Fair Value	Carrying Amount (note a)	Fair Value
Financial assets:						
Cash and cash equivalents and short-term financial instruments	₩ 914,228	₩ 914,228	₩ 1,371,150	₩ 1,371,150	₩ 1,232,666	₩ 1,232,666
Trading securities	367,002	367,002	370,126	370,126	200,000	200,000
Accounts receivable (trade and other)	2,893,283	2,893,283	4,441,094	4,441,094	4,483,658	4,483,658
Short-term loans	106,013	106,013	77,360	77,360	84,767	84,767
Investment securities:						
Listed equity and debts	2,356,039	2,356,039	2,175,344	2,175,344	1,441,369	1,441,369
Non-listed equity and debts	75,028	N/A	282,189	N/A	562,760	N/A
Derivative instruments assets	318,373	318,373	303,073	303,073	197,219	197,219
Long-term bank deposits	75	75	6,556	6,556	117	117
Long-term accounts receivable (trade and other)	617,603	617,603	761,735	761,735	549,524	549,524
Long-term loans	85,975	64,481	29,746	29,336	57,203	56,667
	₩ 7,733,619		₩ 9,818,373		₩ 8,809,283	
Financial liabilities:						
Accounts payable	₩ 1,107,202	₩ 1,107,202	₩ 1,467,399	₩ 1,467,399	₩ 1,629,414	₩ 1,629,414
Short-term borrowings	180,827	180,827	1,020,399	1,020,399	523,710	523,710
Derivative instruments liabilities	242,186	242,186	130,672	130,672	138,499	138,499
Bonds payable, long-term borrowings, convertible bonds long-term payables other and obligation under finance leases, including current	4,943,630	4,855,897	6,044,979	6,106,960	5,497,229	5,897,578

portion			
	₩ 6,473,845	₩ 8,663,449	₩ 7,788,852

(note a) These carrying amounts represent the amounts determined under U.S. GAAP.

Fair value hierarchy

On January 1, 2008, the Company adopted the provisions related to fair value measurements, to recognize all financial and nonfinancial assets and liabilities at fair value in the consolidated financial statements on a recurring basis. The adoption of such accounting guidance did not change our previous accounting for financial assets and liabilities. The provisions will be applied to nonfinancial assets and liabilities that are recognized at fair value in the consolidated financial statements on a nonrecurring basis beginning January 1, 2009. Upon application of the provision on January 1, 2009, the Company has provided additional disclosures regarding its nonrecurring fair value

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

measurements, including its annual impairment review of goodwill and intangible assets. Refer to Note 32 (b) below for such disclosures made by the Company.

The fair value measurement guidance defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a three-tier fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following fair value hierarchy tables present information regarding our assets and liabilities measured at fair value on a recurring basis as of December 31, 2008, 2009 and 2010 (in millions of Korean won):

	December, 31, 2008	Level 1	Level 2	Level 3
Assets:				
Trading securities	₩ 367,002	₩	₩ 367,002	₩
Available for sale securities:				
Equity securities	2,350,783	2,350,783		
Debt securities	5,144		5,144	
Held-to-maturity securities	112		112	
Derivatives:				
Currency swap	318,373		318,373	
	₩ 3,041,414	₩ 2,350,783	₩ 690,631	₩
Liabilities:				
Derivatives:				
Currency swap	₩ 210,468	₩	₩ 210,468	₩
Interest rate swap	31,718		31,718	
	₩ 242,186	₩	242,186	₩

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December, 31, 2009	Level 1	Level 2	Level 3
Assets:				
Trading securities	₩ 370,126	₩	₩ 370,126	₩
Available for sale securities:				
Equity securities	1,820,458	1,820,458		
Debt securities	353,880		353,880	
Held-to-maturity securities	1,006		1,006	
Derivatives:				
Currency swap	303,073		303,073	
	₩ 2,848,543	₩ 1,820,458	₩ 1,028,085	₩
Liabilities:				
Derivatives:				
Currency swap	₩ 53,032	₩	₩ 53,032	₩
Interest rate swap	17,228		17,228	
Conversion option	60,412		60,412	
	₩ 130,672	₩	₩ 130,672	₩

	December, 31, 2010	Level 1	Level 2	Level 3
Assets:				
Trading securities	₩ 200,000	₩	₩ 200,000	₩
Available for sale securities:				
Equity securities	1,409,109	1,409,109		
Debt securities	32,260		32,260	
Held-to-maturity securities				
Derivatives:				
Currency swap	197,219		197,219	
	₩ 1,838,588	₩ 1,409,109	₩ 429,479	₩
Liabilities:				
Derivatives:				
Currency swap	₩ 17,501	₩	₩ 17,501	₩
Interest rate swap	12,534		12,534	

Conversion option		108,464				108,464	
	₩	138,499	₩		₩	138,499	₩

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Securities

The Company classifies its securities within Level 1 of the valuation hierarchy where quoted prices are available in an active market. Level 1 securities include exchange-traded equities. The Company generally

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

classifies its securities within Level 2 of the valuation hierarchy where quoted market prices are not available. If quoted market prices are not available, the Company determined the fair values of its securities using pricing models, quoted prices of securities with similar characteristics or discounted cash flow models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve as well as other relevant economic measures.

Derivatives

The majority of the Company s derivatives are valued using internal models that use readily observable marketing inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for foreign currency exchange rates. The Company generally classifies these instruments within Level 2 of the valuation hierarchy. Such derivatives include interest rate swap, cross currency swaps and foreign currency derivatives.

The accounting guidance requires that the valuation of derivative liabilities must take into account the Company s own non-performance risk. Effective January 1, 2008, the Company updated its derivative valuation methodology to consider its own non-performance risk and counterparty nonperformance risk as observed through the credit default swap market and based on prices of recent trades.

c. Accrued Severance Indemnities

The Company and certain subsidiaries expect to pay the following future benefits for the next 10 years to their employees upon their normal retirement age as follows (in millions of Korean won):

Year Ending December 31,		
2011	₩	669
2012		625
2013		845
2014		980
2015		2,682
2016 2020		57,286
Total	₩	63,087

The above amounts were determined based on the employees current salary rates and the number of service years that will be accumulated upon their retirement date. These amounts do not include amounts that might be paid to employees that will cease working with the Company before their normal retirement age.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

d. Condensed Consolidated Income Statements under U.S. GAAP

Condensed consolidated income statements under U.S.GAAP for the years ended December 31, 2008, 2009 and 2010 are as follows (in millions of Korean won):

		2008		2009		2010
Operating revenue:						
Wireless services	₩	9,553,556	₩	9,431,035	₩	9,571,524
Interconnection		1,149,196		1,179,298		1,243,689
Digital handset sales		16,425		212,802		456,844
Fixed-line service				842,215		1,766,572
Other		413,232		954,591		1,135,217
Total operating revenue		11,132,409		12,619,941		14,173,846
Total operating expenses		(9,379,988)		(10,745,536)		(12,359,423)
Operating income		1,752,421		1,874,405		1,814,423
Other income (expenses), net		(556,678)		(23,917)		(23,849)
Income from continuing operation before income taxes and appropriate item below		1,196,743		1,850,488		1,790,574
Provision for income taxes from continuing operation		(162,129)		(483,152)		(389,239)
Equity in earnings (loss) of unconsolidated Businesses		(81,215)		(20,972)		(5,602)
Income(loss) from discontinued operation, net of tax		(1,662)		10,318		888
Net income	₩	951,737	₩	1,356,682	₩	1,396,621
Add non controlling interests in losses of consolidated subsidiaries		121,129		123,044		128,470
Net income attributable to the Company	₩	1,072,866	₩	1,479,726	₩	1,525,091

e. Segment

The Company acquired an additional 7.2% of the outstanding shares of SK Broadband Co., Ltd., a fixed-line telephone service provider, which began being consolidated under U.S. GAAP during the year ended December 31, 2009. (Refer to Note 32 (M) *Achieved-in-stages*) Beginning the year ended December 31, 2008, the Company has had two operation segments, which is the cellular telephone communication service segment and fixed-line telecommunication service segment. For the business of each segment and detail information refer to Note 30.

f. Transition to IFRS in 2011

As of January 1, 2011, the Company began preparing its financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the Republic of Korea and IFRS as issued by the International Accounting Standards Board (IASB). The Company s transition date to IFRSs is January 1, 2010.

Going forward, the Company will discontinue to report under Korean GAAP and will report under IFRS as issued by the IASB. As such, the Company s 2010 consolidated financial statements under IFRSs may be materially different than the accompanying 2010 consolidated financial statements under Korean GAAP.

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SK TELECOM CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

g. Recent Changes in U.S. GAAP

In October 2009, guidance on Multiple-Deliverable Revenue Arrangements, which addresses how revenues should be allocated among all products and services included in our bundled sales arrangements, was newly issued. It establishes a selling price hierarchy for determining the selling price of each product or service, with vendor-specific objective evidence at the highest level, third-party evidence at the intermediate level, and a best estimate at the lowest level. It eliminates the residual method as an acceptable allocation method, and requires the use of the relative selling price method as the basis for allocation. It also significantly expands the disclosure requirements for such arrangements, including, potentially, certain qualitative disclosures. The requirements effective for the beginning of January 1, 2011 are not expected to have a material effect on our consolidated financial statements.

In January 2010, accounting guidance on Fair Value Measurements and Disclosures Improving Disclosures about Fair Value Measurements, which required new disclosures and explanations for transfers of financial assets and liabilities between levels in the fair value hierarchy was revised. The new guidance clarifies that fair value measurement disclosures are required for each class of financial asset and liability, which may be a subset of a caption in the consolidated balance sheets, and those disclosures should include a discussion of inputs and valuation techniques. For financial assets and liabilities subject to lowest-level measurements (Level 3), the guidance further requires that we separately present purchases, sales, issuances, and settlements instead of netting these changes.

In July 2010, the accounting guidance for Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses were revised. As a result of these amendments, an entity is required to disaggregate by portfolio segment or class certain existing disclosures and provide certain new disclosures about its financing receivables and related allowance for credit losses. The new disclosures as of the end of the reporting period are effective for the fiscal year ended December 31, 2010, while the disclosures about activity that occurs during a reporting period are effective for the first fiscal quarter of 2011. The disclosure requirements effective for the fiscal year ended December 31, 2010 did not have a material effect on our consolidated financial statements. The requirements effective for the first fiscal quarter of 2011 are not expected to have a material effect on our consolidated financial statements.

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

SK TELECOM CO., LTD.
(Registrant)

/s/ Sung Min Ha
Name: Sung Min Ha
Title: President, Co-Chief Executive Officer & Representative Director

Date: June 30, 2011