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December 31, 2003, KT Freetel had approximately 8.9 million subscribers and KT Corporation had approximately 1.6 million resale subscribers.

- (16) Effective January 1, 2002, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No.142 requires that goodwill and indefinite-lived intangible assets no longer be amortized, but instead be tested for impairment at least annually. This table presents net income and earnings per share amounts on an adjusted basis to exclude the amortization of goodwill, and reconciles such adjusted amounts to net income and earnings per share presented in our condensed U.S. GAAP financial statements.

Exchange Rate Information

The following table sets out information concerning the noon buying rate for the periods and dates indicated.

Period	At End of Period	Average Rate(1)	High	Low
		(per US\$1.00)		
1999	1,136.0	1,188.2	1,243.0	1,125.0
2000	1,267.0	1,140.0	1,267.0	1,105.5
2001	1,313.5	1,293.4	1,369.0	1,234.0
2002	1,186.3	1,242.0	1,332.0	1,160.6
2003	1,192.0	1,183.0	1,262.0	1,146.0
November	1,202.1	1,186.4	1,203.0	1,171.0
December	1,192.0	1,192.3	1,200.0	1,183.0
2004 (through June 24)	1,156.0	1,165.7	1,195.1	1,141.4
January	1,174.0	1,183.3	1,195.1	1,172.0
February	1,179.0	1,167.5	1,180.0	1,152.2
March	1,146.7	1,166.3	1,181.0	1,146.7
April	1,173.6	1,152.9	1,173.6	1,141.4
May	1,165.0	1,177.9	1,191.0	1,165.0
June (through June 24)	1,156.0	1,160.4	1,164.8	1,155.0

Source: Federal Reserve Bank of New York.

- (1) The average rate for each full year is calculated as the average of the noon buying rates on the last business day of each month during the relevant year. The average rate for a full month is calculated as the average of the noon buying rates on each business day during the relevant month (or portion thereof).

We have translated the Won amounts into Dollars in this annual report solely for your convenience. We make no representation that the Won or Dollar amounts contained in this annual report could have been or could be converted into Dollar or Won, as the case may be, at any particular rate or at all.

Item 3.B. Capitalization and Indebtedness

Not applicable.

Item 3.C. Reasons for Offer and Use of Proceeds

Not applicable.

Item 3.D. Risk Factors

You should carefully consider the following factors.

Increased competition in Korea has had and may continue to have an adverse effect on our results of operations and financial condition.

The telecommunications sector in Korea is rapidly evolving. We face increasing competition from new entrants to the telecommunications market. We expect the number and the identity of service providers in the

market to continue to change. Future business combinations and alliances in the telecommunications industry may create significant new competitors. In addition, advances in technology as well as changes in the regulatory environment are also occurring. Any significant changes in the competitive landscape of the telecommunications sector and our inability to adapt to such changes could have a material adverse effect on our business, financial condition and results of operations.

Fixed-line Telephone Services

Before December 1991, we were the sole provider of local, domestic long-distance and international long-distance telephone services in Korea. DACOM Corporation became the second provider of international long-distance service in December 1991 and of domestic long-distance service in January 1996. Onse Telecom Corp. also began offering international long-distance service in October 1997 and domestic long-distance service in December 1999. In April 1999, Hanaro Telecom, Inc. became the second provider of local telephone service in Korea and obtained licenses in January 2003 to offer international long-distance service and domestic long-distance service and will expect to offer these services in July 2004. In addition, SK Telink obtained a license in June 2003 to offer international long-distance service and began offering this service in November 2003. Starting in 1998, specific service providers, such as Internet phone service providers, voice resellers and call-back service providers, also began offering international long-distance service in Korea. Demand for international long-distance services offered by specific service providers has grown rapidly since the launch of their services.

The entry of these and other potential competitors into the local, domestic long-distance and international long-distance telephone service markets has had and may continue to have a material adverse effect on our revenues and profitability from these businesses. We cannot give assurance that we will be able to maintain our share of these businesses at or above current levels. Many of our competitors offer lower rates than we do for similar services. For example, although Hanaro's and our local usage charges are the same at Won 39 per pulse (generally three minutes), Hanaro's customers pay a non-refundable telephone installation charge of up to Won 30,000, while our customers pay Won 60,000, and Hanaro's customers pay a basic monthly charge of up to Won 4,500, while our customers pay up to Won 5,200, depending on location. In addition, the Ministry of Information and Communication announced in October 2002 that it would allow local fixed-line telephone service subscribers to choose a competing local telephone service provider while retaining the same phone number. Local number portability has been implemented in certain regions starting in June 30, 2003 and will be implemented in Pusan in July 2004 and in Seoul in August 2004. As of April 30, 2004, 42,678 of our subscribers switched to Hanaro, which represents 0.2% of our total subscribers, and 209 of Hanaro's subscribers switched to us. Local number portability may allow Hanaro to compete more effectively for our existing customers and may have a material adverse effect on our number of subscribers and on our results of operations.

Mobile Telecommunications Services

KT Freetel, our consolidated subsidiary in which we currently own a 48.1% effective interest, provides PCS service, a type of mobile telecommunications service based on Code Division Multiple Access ("CDMA") technology utilizing the 1,800 MHz frequency, in Korea. Competitors in the mobile telecommunications service industry are cellular service provider SK Telecom and PCS service provider LG Telecom. KT Freetel (including 2.1 million resale subscribers of KT Corporation) had a market share of 32.4% as of April 30, 2004 based on the total number of mobile service subscribers in Korea, making KT Freetel the second largest mobile telecommunications service provider. SK Telecom had a market share of 52.0% as of April 30, 2004.

In January 2003, the Ministry of Information and Communication announced its plan to implement mobile number portability, which would allow mobile telephone service subscribers to switch their mobile service provider while retaining the same mobile phone number. Subscribers who switch service providers may return to the original service provider without paying any penalty within 14 days of the switch. Mobile number portability has been allowed to subscribers of SK Telecom starting in January 2004 and will be allowed to subscribers of KT Freetel and LG Telecom starting July 2004 and January 2005, respectively. Following the implementation of

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mobile number portability, 553,275 of SK Telecom's subscribers switched to KT Freetel from January 1, 2004 to April 30, 2004. We expect some of KT Freetel's current subscribers to switch to SK Telecom and LG Telecom when KT Freetel's subscribers are able to transfer their existing mobile numbers starting July 1, 2004. The Ministry of Information and Communication also announced that starting in January 2004, all new subscribers of mobile services and existing subscribers who elect to receive a new mobile number would be given the uniform mobile code of "010" as the first three digits of their mobile numbers without regard to the mobile service provider. The Ministry of Information and Communication is planning to implement the uniform mobile code to all mobile numbers by 2007. Mobile number portability and uniform mobile code may allow SK Telecom and LG Telecom to compete more effectively for KT Freetel's existing and future customers and may have a material adverse effect on the number of subscribers of KT Freetel and on our results of operations.

On June 15, 2004, the Ministry of Information and Communication announced a temporary restriction on mobile service providers from obtaining new subscribers and us from obtaining new resale subscribers as penalties for providing illegal handset subsidies. The restriction will apply to LG Telecom from June 21, 2004 to July 20, 2004, KT Freetel from July 21, 2004 to August 19, 2004, KT Corporation from July 21, 2004 to August 9, 2004 and SK Telecom from August 20, 2004 to September 28, 2004. The temporary ban may have a material adverse effect on our results of operations.

On March 6, 2003, KT ICOM, a company created by a consortium of companies including KT Corporation and KT Freetel to offer W-CDMA-based IMT-2000 services, merged into KT Freetel in a stock-for-stock transaction. IMT-2000 is a third-generation, high-capacity wireless communications technology, which when implemented, is expected to allow operators to provide to their customers significantly more bandwidth capacity. Although we expect that our competitors will face similar challenges that we expect to face in implementing third-generation technology, we cannot assure you that KT Freetel will be able to successfully compete with other third generation service providers. KT Freetel's inability to compete effectively with third-generation service providers could have a material adverse effect on its financial condition and results of operations. See "Implementation of IMT-2000 technology poses significant challenges and risks to us".

Broadband and Internet-Related Services

The Korean broadband Internet access service market has experienced significant growth over the last four years since Korea Thrunet first introduced its Hybrid Fiber Coaxial (or HFC) based service in July 1998. Hanaro Telecom entered the broadband market in April 1999 offering both HFC and Asymmetric Digital Subscriber Line (or ADSL) services. We began offering broadband Internet access service in June 1999. Dreamline and DACOM followed and introduced their services in late 1999 and early 2000, and numerous cable television operators have also begun HFC-based services. As a result of having to compete with a number of competitors and the maturing of the Internet access service market, we currently encounter and we expect to encounter pressure to increase marketing expenses in the future. We had a market share of 50.6% as of April 30, 2004 based on the number of subscribers in Korea. Our inability to compete effectively with our competitors could have a material adverse effect on our business.

The market for Internet-related services in Korea is very competitive. We anticipate that competition will continue to intensify as the usage and popularity of the Internet grows and as new domestic and international competitors enter the Internet industry in Korea. The substantial growth and potential size of the Internet industry in Korea have drawn many competitors and as a result may lead to increasing price competition to provide Internet-related services. Recently, cable television providers began offering HFC-based broadband Internet access services at rates lower than ours. Increased competition in the Internet industry could have a material adverse effect on the number of subscribers of our broadband Internet access service and on our results of operations.

WTO Agreement

Under the multilateral agreement on basic telecommunications services among the members of the World Trade Organization effective November 1997 (the "WTO Agreement"), the Government of Korea has agreed to gradually reduce the restrictions on foreign and individual shareholdings in KT Corporation and other network service providers in Korea. The relevant Korean law was amended to give effect to the provisions of the WTO Agreement. See "Item 4. Information on the Company—Item 4.B. Business Overview—Regulation—Foreign Investment". While the WTO Agreement enables us to seek foreign investors and strategic partners and to more easily take advantage of opportunities for investments in overseas telecommunications projects, it may also benefit our competitors and further intensify competition in the domestic market.

Implementation of the IMT-2000 technology poses challenges and risks to us.

We acquired the right to purchase one of three licenses to provide IMT-2000 services on December 15, 2000, as a member of a consortium of companies including KT Corporation and KT Freetel. In March 2001, KT ICOM, a company created by the consortium to offer IMT-2000 services, paid half of the Won 1.3 trillion license fee payable to the Ministry of Information and Communication. KT ICOM subsequently merged into KT Freetel on March 6, 2003 in a stock-for-stock transaction. KT Freetel will pay the remaining Won 650 billion over a period of five years starting in 2007 as follows: Won 90 billion in 2007, Won 110 billion in 2008, Won 130 billion in 2009, Won 150 billion in 2010 and Won 170 billion in 2011. The Ministry of Information and Communication also charges interest rates of three-year Government bonds minus 0.75% on these amounts until they are paid, which are currently accruing.

As a condition to the merger, KT Freetel was required to offer its IMT-2000 services with limited coverage by the end of 2003. Accordingly, KT Freetel began test service of its IMT-2000 services in metropolitan Seoul and parts of Gyeonggi Province in December 2003. Although KT Freetel is planning to offer IMT-2000 services in 45 cities by December 2005, KT Freetel and its competitors may delay the nationwide roll-out of third-generation services if there are unfavorable market conditions and weak service demand. Several telecommunications service providers in Europe have already announced delays in the roll-out of their third-generation services as a result of technological difficulties and unfavorable market conditions. In the event consumer demand for IMT-2000 services does not meet our expectations, we may attempt to renegotiate the terms of the license with the Government. However, there can be no assurance that the Government will agree to adjust the license fee already paid by KT ICOM as well as future license fee payments to be made by KT Freetel.

IMT-2000 presents risks and challenges to our business, any or all of which if realized or not addressed may have a material adverse effect on our financial condition and results of operations. Specifically, IMT-2000 is a new and developing technology. New content, solutions and network must be developed for IMT-2000. We expect KT Freetel to leverage its existing PCS network and 2.5-generation technology to minimize its capital expenditures and other costs related to developing IMT-2000 services. However, we believe KT Freetel will still require significant amounts of research and development and capital expenditures to build out its IMT-2000 network. No assurance can be given that the content, solutions and network will be developed in a timely and efficient manner by us or third parties, or if developed will gain market acceptance such that KT Freetel will be able to derive revenues from IMT-2000 services to justify the Won 1.3 trillion license fee, capital expenditures and other investments required for such service.

Disputes with our labor union may disrupt our business operations.

Our strategy of restructuring to improve our efficiency and profitability by disposing of non-core businesses and reducing our employee base have met with opposition from our labor union. In May 2001, certain members of our labor union held protests in our headquarters opposing our strategy of restructuring unprofitable businesses, including 114 phone directory services, and the layoffs resulting from such strategy. In 2002 and 2003, we did not have any significant labor disputes and unrests. However, there can be no assurance that we will not experience in the future labor disputes and unrests, including expanded protests and strikes, which could disrupt our business operations and have an adverse effect on our financial condition and results of operation.

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We also negotiate wage agreements with our labor union on an annual basis. Our latest round of negotiation was in August 2003. Although we have been able to reach wage agreements with our labor union in recent years, there can be no assurance that we will not experience in the future labor disputes and unrests resulting from disagreement in our annual wage negotiation with the labor union.

The Korean telecommunications industry has been subject to the Government's regulation and change in Government policy relating to the industry could have a material adverse effect on our operations and financial condition.

The Government, primarily through the Ministry of Information and Communication, has authority to regulate the telecommunications industry. The Ministry of Information and Communication's policy is to promote competition in the Korean telecommunications markets through measures designed to prevent the dominant service provider in any such market from exercising its market power in such a way as to prevent the emergence and development of viable competitors. The Ministry of Information and Communication, in consultation with the Ministry of Finance and Economy, approves local service rates charged by us and mobile service rates charged by SK Telecom. Under current Government regulations, if a network service provider has the largest market share for a specified type of service and its revenue from that service for the previous year exceeds a specific revenue amount set by the Ministry of Information and Communication, it must obtain prior approval from the Ministry of Information and Communication for the rates and the general terms for that service. Each year the Ministry of Information and Communication designates service providers the rates and the general terms of which must be approved by the Ministry of Information and Communication. In the past five years, the Ministry of Information and Communication has so designated us for local telephone service and SK Telecom for mobile service. The inability to freely set our local telephone service rates may hurt the profit from that business and impede our ability to compete effectively against our competitors. See "Item 4. Information on the Company—Item 4.B. Business Overview—Regulation—Rates". The form of our standard agreement for providing local network service and each agreement for interconnection with other service providers are also subject to approval by the Ministry of Information and Communication. The Ministry of Information and Communication currently does not regulate our domestic long-distance, international long-distance, broadband Internet access and mobile service rates.

Starting April 2002, we are required to lease to other companies our fixed-lines that connect subscribers to our network. This policy, which is called local loop unbundling, is intended to prevent excessive investment in local loops. This policy requires us to lease to other companies from time to time the portion of our fixed lines that represent our excess capacity at rates that will be determined by the Ministry of Information and Communication based on our cost, and taking into consideration an appropriate rate of return, to enable our competitors to provide fixed-line voice and broadband services. Local loop unbundling may have a material adverse effect on our number of subscribers and on our results of operations.

In October 2002, the Ministry of Information and Communication announced that it would allow local fixed-line telephone service subscribers to choose a competing local telephone service provider while retaining the same phone number, followed by another plan in January 2003 to implement mobile number portability, which would allow mobile telephone service subscribers to switch their mobile service provider while retaining the same mobile phone number. The Ministry of Information and Communication also announced that starting in January 2004, all new subscribers of mobile services and existing subscribers who elect to receive a new mobile number would be given the uniform mobile code of "010" as the first three digits of their mobile numbers without regard to the mobile service provider. The Ministry of Information and Communication is planning to implement the uniform mobile code to all mobile numbers by 2007. See "—Increased competition in Korea has had and may continue to have an adverse effect on our results of operations and financial condition".

Government policies and regulations relating to the above as well as other regulations involving the telecommunications industry (including regulation imposed on us as a dominant service provider) may change, which could have a material adverse effect on our operations and financial condition. See "Item 4. Information on the Company—Item 4.B. Business Overview—Regulation" and "Item 4. Information on the Company—Item 4.B. Business Overview—Relationship with the Government".

We are subject to various regulations under the Monopoly Regulation and Fair Trade Act.

Monopoly Regulation and Fair Trade Act provides for various regulations and restrictions on large business groups enforced by the Fair Trade Commission. Previously, we were not regulated as a large business group under the Monopoly Regulation and Fair Trade Act due to the Government's ownership (including Government invested enterprises and The Korea Development Bank) of greater than 30% of our issued shares. The Fair Trade Commission initially designated us as a large business group under the Monopoly Regulation and Fair Trade Act on April 1, 2002, which subjects us to regulations limiting, among other things, the gross amount of investments, cross guarantees of debt and cross shareholdings by members of a business group.

If economic conditions in Korea deteriorate, our current business and future growth could be materially and adversely affected.

We are incorporated in Korea, and substantially all of our operations and assets are located in Korea. As a result, we are subject to political, economic, legal and regulatory risks specific to Korea.

From 1997 to 1999, Korea experienced a significant financial and economic downturn, from which it is widely believed the country has recovered to a large extent. Although the Korean economy began to recover since 1999, the pace of the recovery has since slowed and has been volatile. The economic indicators in 2001, 2002 and 2003 have shown mixed signs of recovery and uncertainty, and future recovery or growth of the economy is subject to many factors beyond our control. Events related to terrorist attacks in the United States on September 11, 2001, recent developments in the Middle East, including the war in Iraq, higher oil prices, the general weakness of the global economy and the outbreak of severe acute respiratory syndrome, or SARS, in Asia and other parts of the world have increased the uncertainty of world economic prospects in general and continue to have an adverse effect on the Korean economy. Any future deterioration of the Korean and global economy could adversely affect our financial condition and results of operations.

Other developments that could hurt Korea's economy in the future include:

- financial problems relating to *chaebols* (Korean conglomerates), or their suppliers, and their potential adverse impact on the Korean economy;
- failure or lack of progress in restructuring of *chaebols*, the financial industry and other large troubled companies;
- loss of investor confidence arising from corporate accounting irregularities and corporate governance issues at certain *chaebols*;
- a slowdown in consumer spending and the overall economy;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including an increase in oil prices), exchange rates (including depreciation of the U.S. dollar or Japanese yen), interest rates and stock markets;
- deterioration of economic or market conditions in other emerging markets;
- adverse developments in the economies of countries that are important export markets for Korea, such as the United States, Japan and China, or in emerging market economies in Asia or elsewhere that could result in a loss of confidence in the Korean economy;
- social and labor unrest;
- a decrease in tax revenues and a substantial increase in the Korean government's expenditures for unemployment compensation and other social programs that, together, would lead to an increased government budget deficit;
- geo-political uncertainty and risk of further attacks by terrorist groups around the world;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including such deterioration resulting from trade disputes or disagreements in foreign policy;

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- a widespread recurrence of SARS;
- hostilities involving oil producing countries in the Middle East and any material disruption in the supply of oil or increase in the price of oil resulting from those hostilities; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea and/or the United States.

Increased tensions with North Korea could have an adverse effect on us or the price of our securities.

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

Depreciation of the value of the Won against the Dollar and other major foreign currencies may have a material adverse effect on the results of our operations and on the prices of our securities.

Substantially all of our revenues are denominated in Won. Depreciation of the Won may materially affect the results of our operations because, among other things, it causes an increase in the amount of Won required by us to make interest and principal payments on our foreign-currency-denominated debt, the costs of equipment that we purchase from overseas sources, net settlement payments to foreign carriers and administrations and certain payments related to our derivative instruments entered into for foreign exchange risk hedging purposes. In addition, we may be required to pay cash in Dollars the aggregate market value of our common shares deliverable upon conversion of convertible notes issued in January 2002 if conversion by a foreigner results in the violation of the 49% foreign ownership limitation under the Telecommunications Business Law and such conversion becomes effectively prohibited. Of the Won 11,244 billion total long-term debt (including current portion) outstanding as of December 31, 2003, Won 3,089 billion was denominated in foreign currencies with interest rates ranging from 0.25% to 7.63%. See "Item 5. Operating and Financial Review and Prospects—Item 5.B. Liquidity and Capital Resources".

Fluctuations in the exchange rate between the Won and the Dollar will affect the Dollar equivalent of the Won price of the shares of our common stock on the Korea Stock Exchange. These fluctuations also will affect the amounts a holder of ADSs will receive from the depositary bank in respect of:

- dividends, which will be paid in Won to the depositary bank and converted by the depositary bank into Dollars;
- the Dollar value of the proceeds which a holder will receive upon sale in Korea of the shares; and
- the secondary market price of the ADSs.

See "Item 3. Key Information—Item 3.A. Selected Financial Data—Exchange Rate Information".

If an investor surrenders his ADSs to withdraw the underlying shares, he may not be allowed to deposit the shares again to obtain ADSs.

Korean law currently limits foreign ownership of the ADSs and our shares. In addition, under our deposit agreement, the depository bank cannot accept deposits of shares and deliver ADSs representing those shares unless (1) we have consented to such deposit or (2) Korean counsel has advised the depository bank that the consent required under (1) is no longer required under Korean laws and regulations. Under current Korean laws and regulations, the depository bank is required to obtain our prior consent for the number of shares to be deposited in any given proposed deposit which exceeds the difference between (1) the aggregate number of shares deposited by us or with our consent for the issuance of ADSs (including deposits in connection with the initial and all subsequent offerings of ADSs and stock dividends or other distributions related to these ADSs) and (2) the number of shares on deposit with the depository bank at the time of such proposed deposit. The depository bank has informed us that, at a time it considers to be appropriate, the depository bank plans to start accepting deposits of shares without our consent and deliver ADSs representing those shares up to the amount allowed under current Korean laws and regulations. Until such time, however, the depository bank will continue to obtain our consent for such deposits of shares and delivery of ADSs, which we may not provide. Consequently, if an investor surrenders his ADSs to withdraw the underlying shares, he may not be allowed to deposit the shares again to obtain ADSs. See “Item 10. Additional Information–Item 10.D. Exchange Controls”.

Limitations on foreign ownership may have an adverse effect on the conversion of our convertible notes.

The Telecommunications Business Law limits the aggregate foreign ownership of our shares with voting rights to 49% of our total issued shares with voting rights. Such 49% foreign ownership limitation under the Telecommunications Business Law may have an adverse effect on the conversion of our convertible notes issued in January 2002. See “Item 10. Additional Information–Item 10.B. Memorandum and Articles of Association–Limitation on Shareholding”. If conversion by a foreigner results in the violation of the 49% foreign ownership limitation under the Telecommunications Business Law, such conversion may be effectively prohibited. In such an event, we will be required under the terms of the convertible notes to pay cash in U.S. Dollars the aggregate market value of our common shares deliverable upon conversion of convertible notes to the relevant holder to satisfy the conversion right. As of December 31, 2003, 45.5% of our common shares were owned by foreign investors.

A foreign investor may not be able to exercise voting rights with respect to common shares exceeding the number of common shares held by our largest domestic shareholder.

Under the Foreign Investment Promotion Act, a foreign shareholder who holds 5% or more of our total shares is prohibited from becoming our largest shareholder. In addition, under the Telecommunications Business Law, the Ministry of Information and Communication may, if it deems it necessary to preserve substantial public interests, prohibit a foreign shareholder from being our largest shareholder. In the event that the number of common shares held by a foreign shareholder exceeds the number of common shares held by our largest domestic shareholder, the Telecommunications Business Law restricts such foreign shareholder from exercising his or her voting rights with respect to common shares exceeding such threshold. The Ministry of Information and Communication may also order us or the foreign shareholder to take corrective measures in respect of the excess shares within a specified period of six months or less.

Holders of ADSs will not be able to exercise dissenter’s rights unless they have withdrawn the underlying common stock and become our direct shareholders.

In some limited circumstances, including the transfer of the whole or any significant part of our business and our merger or consolidation with another company, dissenting shareholders have the right to require us to purchase their shares under Korean law. A holder of ADSs will not be able to exercise dissenter’s rights unless he has withdrawn the underlying common stock and become our direct shareholder. See “Item 10. Additional Information–Item 10.B. Memorandum and Articles of Association”.