NEWS RELEASE

Warner Music International and SK Telecom Announce Partnership

2006-05-10

Groundbreaking Deal Places WS Entertainment at Forefront of Korean Music Industry

HONG KONG, May 10, 2006 -- Warner Music International (WMI) and SK Telecom today announced an agreement in principle resulting in the creation of a new joint venture company called WS Entertainment. This landmark venture will combine WMI's expertise in developing and marketing premium music and entertainment content with SK Telecom's strength in telecommunications technology and digital content delivery. Aligning these assets reflects both companies' commitment to innovation and enterprise and means the joint venture is ideally placed to maximize the opportunities offered by the rapidly evolving Korean digital music business.

WS Entertainment will be incorporated by joint investment from Warner Music Korea (WMI's Korean operating company), Seoul Records (subsidiary of SK Telecom) and SK-KTB Music Investment Fund. WMI will have majority ownership of WS Entertainment, and will transfer to the venture Warner Music Korea's roster of domestic recording artists, including Baek Jiyoung, DQ (from Wanted) and Kyunwoo, and acting stars including Song Changhee and Choi Jungyun. SK Telecom will contribute working capital, representing a significant investment in the Korean recording industry. Seoul Records, a leading recording company and distributor in Korea, will provide on and offline distribution. WS Entertainment will blend the partners' respective areas of expertise to enhance each facet of the new venture's business, from content generation to end-user experience. With the potential for growth in areas such as new product and services development, marketing, promotion and sales strategies, the venture will represent a fully integrated approach, offering pioneering, multi-platform solutions. Phillip Oh will serve as MD, as well as retaining his current role as MD of Warner Music Korea. He will report to Lachie Rutherford, President, Warner Music Asia Pacific. WS Entertainment will be headquartered in Seoul.

WMI is a leading source of music content around the world, with a proven track record in signing and nurturing local talent to produce national and international success stories. SK Telecom is South Korea's foremost broadband and wireless provider, serving more than half of Korea's mobile marketplace. SK Telecom has led the advancement of communications technologies in the region, rolling out its 3G EV-DO network in 2003 and launching pioneering digital music services such as MelOn, which allows users to experience music in multiple formats on their mobile-phones, PCs and portable music players. With over 4 million users and over 600,000 monthly premium subscribers, use of MelOn has doubled in the last 6 months.

In making the announcement, Alex Zubillaga, Executive Vice President, Digital Strategy and Business Development, Warner Music Group, said, "Today's first-of-its-kind agreement with SK Telecom, one of the world's most technologically advanced media distributors, is part of Warner Music's broader strategy to partner with a wide array of innovative companies to sign, develop and distribute music-based content. With SK's unique understanding of digital content and Warner Music's proven ability to promote and develop creative artists, WS Entertainment will give us the opportunity to experiment with entirely new business models, content delivery strategies and will become a laboratory for the digital music developments of the future."

Patrick Vien, Chairman and CEO, Warner Music International, said, "This is an important announcement for WMI because South Korea offers a unique lens into the exciting future of how music-based content can be made available through the very latest technologies. SK Telecom is one of the most forward-thinking technology companies and by combining our A&R and marketing talents with their remarkable reach, the venture is uniquely positioned to expand our impressive roster of Korean and Asian artists. We look forward to developing new digital products to not only help build our business in Korea but also to inspire how we may function in the future as a company."

Keunjoo Hwang, Executive Manager of Strategic Contents TF, SK Telecom, said, "Warner Music Group is a global leader in music distribution with wide variety of music content. In addition, WMG has expertise in music marketing and a solid reputation for releasing hit albums in Korea. We value the talents of Phillip Oh, who has a reputation for finding potential stars and cultivating them into A-rated stars in Korea."

He added, "We expect that those assets of WMI will be combined with ours to create synergy. We also hope to collaborate in the areas of paid music service platforms and DRM. SK Telecom's mobile internet technologies and digital music distribution technologies and market-oriented service infrastructure can create synergy with Warner's world-wide network and know-how in music marketing."

The agreement is subject to regulatory approval.

About Warner Music International

Warner Music International (WMI) is Warner Music Group's global (ex-U.S.) recorded music division that markets and distributes WMG's world-class roster of U.S. and international recording artists through a network of affiliates and licensees in more than 50 countries. With a commitment to developing local talent as well as marketing international superstars, WMI leverages its expertise in each region around the world to attract and cultivate a diverse international artist roster. WMG is a pioneer in delivering music content in new and exciting ways, with a track record of 'firsts' in the digital space.

WMI's operations also include Warner Vision, which specializes in the marketing and distribution of WMI's video content; Warner Strategic Marketing, which focuses on promoting and marketing WMI's catalog content; and Warner Classics, WMI's classical music division.

About SK Telecom

SK Telecom is Korea's leading mobile communications company with more than 19 million subscribers. SK Telecom successfully commercialized the world's first CDMA cellular phone service and launched the world's first synchronized commercial IMT-2000 third generation service. The company is listed on the Korean Stock Exchange, the New York Stock Exchange and the London Stock Exchange.

About Seoul Records

Seoul Records is the nationally well-known Korean record company which holds the biggest distributor market share in the off-line music market in South Korea. Seoul Records became a subsidiary of the prominent market leader in developing new mobile techniques, SK Telecom. SK Telecom manages the world's first ubiquitous music service, MelOn.com. Seoul Records has positioned itself as a major digital music service provider with strong support from SK Telecom.