

Report Summary

Objective

This is the fifth issue of the KT Sustainability Report, which is intended to provide all stakeholders with information regarding KT's sustainability performance. We have published the Report since 2006 and will continue to do so annually.

Reporting Guidelines and Assurance

The KT 2010 Sustainability Report was compiled in accordance with the GRI G3 guidelines. An internal review was conducted to ensure the objectivity and reliability of the Report's contents.

Reporting Scope and Period

This Report covers the period from January 1 to December 31, 2009. It also contains information beyond the mentioned period when deemed relevant.

For quantitative measures of performance, the report includes data for the three years from 2007 to 2009, to help readers identify rising or declining trends. Qualitative measures of performance are centered on the reporting period, but introductions and historical data are included to provide a sense of continuity.

The reporting scope extends mainly to the sustainability performance of the KT's Head Office and its business sites in Korea subsequent to the merger with KTF, a wireless service subsidiary, on June 1, 2009. Every effort is being made to generate maximum synergy from this merger. KT plans to expand the scope of reporting to cover its affiliates and overseas business sites. The currency unit used in this report is the Korean won. The units of measurement used for data include tons, kg, m³, and kWh. Other units used in the report are noted along with the corresponding figures.

Table of Contents

Dream Story	02	Dream with Customers	Dream with Employees
Message from the Chairman of the Board	04	Customer Relations	27
Message from the CEO	06	Customer Protection	30
Corporate Overview	08	Youth Protection	33
Vision & Management Strategy	10	Dream with Suppliers	Employee Evaluation, Compensation & Fringe Benefits
Sustainability management	12	Partnering for Growth	35
Corporate Governance	13	Support for Partner Firms in a Win-Win Relationship	38
Risk Management	14	Dream with Environment	Dream with Society
Ethical Management	16	Environmental Management	41
Stakeholder Participation	17	Green IT	42
		Green IT Activities	44
		Reduced Resource Use and Recycling	48
		Dream with Shareholders	
Growth & Innovation	19		
Mid-/Long-term Growth Strategy	22		
Global Businesses	24		
Brand Management	25		
			Social Contribution
			61
			IT Sharing
			62
			Love Sharing
			64
			Culture Sharing
			66
			Green Sharing
			67
			Appendix
			Financial Performance in 2009
			68
			Third-Party Review Statement
			69
			GRI G3 Index
			70



Self-declaration of the GRI G3 Application Level

The KT 2010 Sustainability Report has been compiled according to the GRI G3 guidelines. This Report satisfies all of the qualitative and quantitative requirements of level "A," the highest among the three (A, B, or C) permissible levels of reporting provided on the table of GRI application level criteria. As such, we declare, without external assurance, that the KT 2010 Sustainability Report complies with GRI G3 application level "A."

At **KT** we foster dreams, aiming for ever greater heights together.

KT inspires young people, realizes employees' aspirations, creates new visions, and shares in diverse dreams. KT is in step with each of its stakeholders, emerging as KT the "Dream Creator".

KT's goal is to realize a new world, built with the participation of all of its stakeholders.

As Korea's leading IT services provider, we are growing together with small and medium-sized enterprises (SMEs), while inspiring hope for the future of all Koreans.

We develop IT-related convergence technology that can compete effectively on the world stage, and provide "green" information services that help to preserve nature.

Our community service programs are building a more caring society, and we help our employees hone their skills as professionals who perform at a global standard. Today, as the "Dream Creator," KT is committed to helping shape a world that can accommodate the diverse and precious goals of all of its stakeholders.



Message from the Chairman of the Board



Growth as a 'Going Concern'

We are pursuing a balanced approach to economic performance, social responsibility and environmental soundness - the three requirements for operational sustainability, or the "triple-bottom line."

KT was listed on the Dow Jones Sustainability Index (World) in September 2010, along with such major players as Telefónica in Spain, BT in England and Telecom Italia. As the chair of the Board of Directors, I am very proud of this achievement, and I would like to thank all of the KT employees, including CEO Suk-Chae Lee, for all of their efforts to date. In the DJSI listing evaluation, KT received high marks in all assessment categories, including economic, social and environmental performance. Thus our commitment to sustainability management has received global recognition. This listing will help us to work more closely with companies in the US and Europe, expand overseas, and attract long-term investment from global financial institutions.

"Sustainability management," a topic of intense discussion for the past decade, is no longer an option but an essential factor for corporate survival. When growing crops, excessive use of chemical fertilizers can increase the yield for a short time, but the soil will soon steadily lose its vitality. Likewise, in corporate management, seeking only immediate economic gain could compromise one's chances for long-term survival. Thus, KT is pursuing a balanced approach toward sustainability, focusing on the "triple bottom line" of economic performance, social responsibility and environmental soundness. This will allow KT to achieve going concern. KT runs IT Supporters, which shares the benefits of information technology with marginalized people to narrow the "digital gap." We are fulfilling our social obligations while promoting growth through partnership by adopting a "Three don't policy with SME suppliers: Don't waste SME's resources, Don't misappropriate SME's ideas of technology development, and Don't create an environment of competing with SMEs.

In addition, we have launched various programs to protect the environment. For example, we have established a videoconference system in order to reduce the environmental impact of business travel, are working on smart grid technology, and adopted a "smart working" system (using information and communication technologies to transcend temporal and spatial barriers in the conduct of business). In the future, we will continue to reflect the voices of various stakeholders in our pursuit of sustainable operations. In the process, KT will be able to grow as a highly respected and trusted company. BOD members, including myself, will spare no effort in ensuring that KT continues to progress on the basis of sustainable growth.

Chairman of the Board **Eung-Han Kim**

Message from the CEO



**Our innovative spirit
brings greater
convenience and fun
to the world!**

**KT is spearheading the
approach of convergence,
going beyond conventional
communication to a new era
and a new way of life.**

Throughout history people have dreamed of the ability to interact successfully with others who are far away; this desire has driven the telecommunication industry from the beginning. KT has always been a part of this voyage, dedicated to realizing the dream of perfect human interaction from the conventional voice telephone of yesterday to the video phone of today. We opened the way to the smart phone and mobile internet, allowing voice, text and video data to be seamlessly transmitted over wired and wireless networks to serve users anytime and anyplace. We KT have been a leader in raising industrial productivity and creating a "smarter" society.

Today KT is spearheading the approach of convergence, going beyond conventional communication to a new era and a new way of life. Moreover, we are fulfilling our role as the "Dream Creator" by welcoming change and taking on new challenges. In the process, new jobs and challenging new opportunities are provided for the nation's youth, inspiring their hopes and dreams and turning those dreams into reality. We have built the foundation of a corporate culture in which we can stand shoulder to shoulder with the world's very best, through continuous innovation, bolstering ethical management, revolutionizing work methods, enhancing labor management relations, and upgrading the personnel system. In addition, our "olleh management" drive is aimed at making KT an "open enterprise;" that is, we strive to grow along with shareholders, customers, employees, small & medium-sized enterprises and other such stakeholders with a "win-win" spirit.

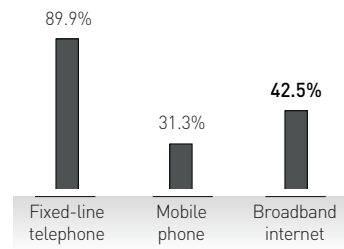
In the future we will happily continue our innovation efforts, which are helping to make the world more convenient and more fun. Moreover, we are dedicated to being an ethically sound enterprise that practices the philosophy of sharing with others. In this way we will be able to advance even further worldwide and to pursue our dream of evolving from Korea's leading IT company to a global ICT convergence leader. KT is an enterprise that consistently changes the world and makes it a more enjoyable place. Going forward, we will continue to work hard so that we grow and improve along with all stakeholders.

Chairman and CEO **Suk-Chae Lee**

Corporate Overview

Market Shares of Major Services

as of Dec. 2009
[Source: Korea Communications Commission]



Introduction

Standing at the forefront of the digital era, KT has been spearheading advances in information technology in Korea since its inception in 1981. We are moving toward the vision of becoming a Global ICT* leader with our wired/wireless convergence technology achieved after the merger with KTF. Based on our digital communication devices connected at anywhere and anytime, we provide advanced wired/wireless services to customers and promote our corporate philosophy of "Partnership for Growth" by pursuing green growth and contributing to job creation. KT will continue to provide families, individuals and companies with advanced IT services, including voice & text data, wired & wireless networks, and broadcasting & telecommunications services, in order to grow as a sustainable enterprise that fulfills environmental, social and economic responsibilities. [* ICT : Information, Communication, Transaction]

2009 Sustainability Management Performance Indicators

	2007	2008	2009
Customer satisfaction (point)	66.20	72.00	74.50
Employee satisfaction (point)	77.10	78.40	79.00
No. of employees (person)	37,379	35,526	31,405
No. of female employees (person)	5,683	5,281	4,603
GHG emissions (ton of CO ₂)	844,045	848,879	806,057
Electricity consumption (GWh)	1,768	1,829	1,736
Water consumption (1,000 ton)	2,756	2,722	2,776
Injury rate	0.16	0.16	0.19
Social Contribution Expenses (KRW in billion)	35.1	34.8	35.2

*Former KTF's data coverage on GHG emissions and electricity consumption before and after the merger is not included above.

KT Listed on DJSI World

KT was listed on the Dow Jones Sustainability World Index (DJSI) in September 2010. The DJSI was established by Dow Jones, the world's largest financial information provider, and SAM, a Swiss-based agency for evaluating corporate sustainability. The DJSI assesses more than 2,500 companies on their levels of sustainability management, with the top 10 percent selected to be listed on the DJSI World. DJSI World members are recommended as preferred investment targets for socially responsible investment funds, allowing the companies to secure long-term investors. KT will continue to step up sustainability management efforts to fulfill its responsibilities in its role as a DJSI-listed enterprise.



Key Services and Brands



The fixed-mobile convergence brand
: The brand representing the convergence of fixed-line and mobile networks, bringing home-based services together with services for individual customers.



The fixed-line brand
: The brand providing IT convergence solutions for home applications for home application



The wireless brand
: The No. 1 brand in WCDMA mobile services, leading the network convergence trend

Corporate Overview

- Company name: KT
- CEO: Suk-Chae Lee
- Date of establishment: December 10, 1981
- Location of head office: 206 Jeongja-dong, Bundang-gu, Seongnam-city, Gyeonggi-do
- No. of employees: 30,800 persons (as of the end of March 2010)
- Operating revenue: KRW 15.9 trillion - Total assets: KRW 24.3 trillion / Total liabilities: KRW 13.9 trillion
- Stock listing: Korean, New York and London stock exchanges
- Credit rating: Moody's "A3" (May 22, 2009)
- S&P "A+" (Jun. 30, 2008)
- Fitch Ratings "A" (Nov. 26, 2006)

Affiliates

Company name	Main field(s) of business	Ownership (%)	Book Value (KRW in million)
KTH	Internet/contents business	65.90%	120,078
KTP	Trunked Radio Service (TRS)	44.90%	37,419
KTN	Special category telecommunications/ NI business	100	57,200
KTSM	Construction and maintenance of submarine cable	36.9	20,700
KTT	Security services (security systems, facilities, etc.)	88.8	23,600
KTM&S	Sales of terminals	100	54,900
KT Capital	Lease/installment financing, investment banking	100	103,100
KTR	IT solution rental (equipment/ auto lease, etc.)	100	54,700
KTDS	SM/ SI	100	10,000
KT Music	Sound source distribution	48.7	16,500
Nasmedia	Display advertisement	50	24,900

*Includes only affiliates with book value of at least KRW 10 billion

Global Network

Overseas Subsidiary
: KT has share ownership

Overseas Office
: Established to develop business, conduct business and research as KT's representative office



Vision & Management Strategy



KT has launched the olleh management concept, reflecting our commitment to thinking outside the box and drawing on the synergy produced by the merger with KTF. This is the operational direction for KT to transform into a global ICT convergence leader. The program requires the company to grow through mutual benefit to customers and all other stakeholders through future-oriented, innovative thinking. By thinking innovatively, we intend to provide future-oriented services that are welcomed by shareholders, employees, the nation, society and other stakeholders.

KT Value Pyramid

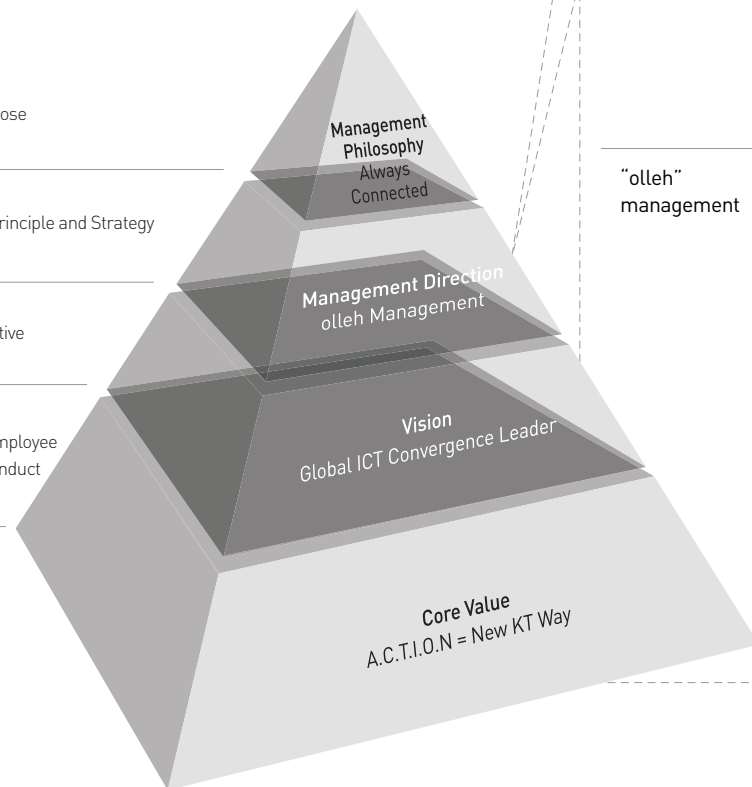
- *"Always Connected": Updated interpretation of our former management philosophy of the "convergence of information, telecommunications and people"
- *ACTION: All for Customer, Collaboration, Trust, Innovation, Ownership, Now

Corporate Purpose

Management Principle and Strategy

Business Objective

Guideline for Employee Attitude and Conduct



The Aim of "olleh" Management

- **Management of reverse ideas**
KT is a company that reverses customer's ideas
- **Future management**
KT is a company that realizes customers' dreams
- **communication management**
KT is a company that reads the heart of customers
- **Customer satisfaction management**
KT is a company welcomed by customers

"olleh" management

- **Shareholders**
Outstanding Performance
: Maximum Corporate Value
- **Country**
Leading IT
: Lead the IT Industry
- **Employees**
Liberal Culture
: Free Communication Culture
- **Society**
Esteemed Company
: A company Respected by the Society
- **Customers**
Happy Customers
: A company that Makes Customers Happy

Vision Statement



Corporate Vision

Our corporate vision is to become a "global ICT convergence leader." To this end, we have established the ambitious 3.3.7 Plan, which calls for an increase of KRW 3 trillion in KT Group sales (to KRW 27 trillion), an improvement of 3 percentage points in KT Group's gross margin (to 11.4%), and 7-fold growth in subscribers to fixed mobile convergence (FMC) services (2.1 million more persons) by 2012. KT is responsible for spearheading the growth of the Group and is expanding the convergence business with the aim of earning KRW 2.6 trillion in operating profit on KRW 22 trillion in total sales by 2012.

Vision

Global ICT Convergence Leader
Become a Global IT Leader through Convergence-Based Innovation

Business Portfolio Reorganization



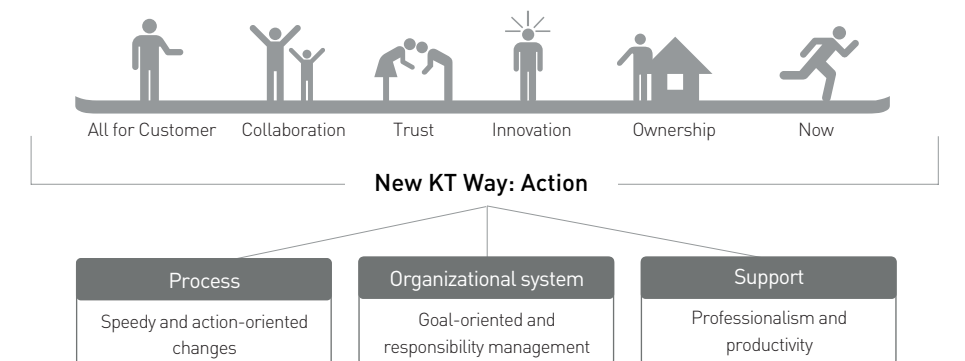
Business Infrastructure Innovation

NEW KT WAY = ACTION


Core Values: ACTION

We recognize the importance of transforming KT into an enterprise that is action-oriented. The underlying principle for all business activities is known as the "New KT Way," which involves six principles: All for the customer, Collaboration, Trust, Innovation, Ownership, and Now. This spells ACTION.

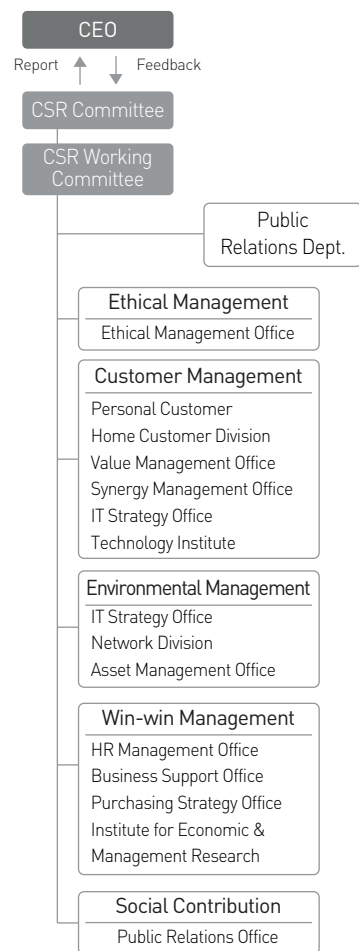
New KT Way = ACTION, a transformation to action orientation



Sustainability Management

 KT demonstrated its commitment to CSR to the international community in May 2008 by joining the UN Global Compact.

Structure of CSR Committee



KT has built an organizational structure that allows it to implement its sustainability management goals more systematically and effectively, while it continues to seek ways to ensure that it grows along with its various stakeholders. We have set ethical management, customer management, environmental management, win-win management and social contributions as our top five priorities to ensure that major issues facing the company are reflected in our daily operations. At the same time our advanced IT-related services are aimed at raising customer value.

Implementation Structure

The goal of KT's drive for sustainability management is to continue to advance as a major world player. To this end, we maintain effective communication with customers and stakeholders. The CSR Committee, which is chaired by a vice president and consists of all concerned executives, is run to ensure that KT's five sustainability priorities are most effectively met.

A key policy direction for 2010 is to lay the groundwork for sustainability management activities. Our working-level CSR managers have been organized as a "virtual task force" to spread sustainability management across the company. At the same time, we will earn the trust of all of our stakeholders by fulfilling our social obligations.

Direction of Sustainability management

Division	Initiative	Organization	Roles and Responsibilities
Ethical Management	Gain recognition as a clean organization	Ethical Management Office Value Management Office	Corporate governance, risk management, business ethics campaigns Service development, Innovation Management
Customer Management	Respect customer value, promote customer satisfaction, increase customer benefits and provide distinctive services	Individual Customer Division, Home Customer Division KT Technology Center IT Strategy Office Synergy Management Office	Customer management, Innovation Management (services and social innovation) Innovation management, overseeing R&D activities Information security Customer relations management, brand management
Environmental Management	Realize Green KT, Green Korea"	IT Strategy Office	Environmental policy, environment management system, climate change response strategy, Innovation Management (environment)
Win-Win Management	Foster a productive corporate ecosystem to create value with our partners	Network Division, Asset Management Office HR Management Office, Business Support Office Purchasing Strategy Office Institute for Economic and Management Research Public Relations Office	Environmental efficiency Labor practices indicators, HR management, recruitment & retention, occupational health & safety Supplier standards Positive effect of telecom services, stakeholder participation Corporate social activities, tackling "digital divide," stakeholder participation

Structure of the CSR Committee

The Group's CSR Committee, composed of the heads of all departments, oversees sustainability management activities company-wide and, through the olleh initiative, supports the operation of relevant divisions and offices as well as the CSR Working Committees. The CSR committee discusses annual plans for sustainability management and evaluates results. The CSR Committee members manage and supervise the activities of each division, and ensure compliance to internal and global standards with regard to sustainability management.

Corporate Governance

*The corporate governance charter is available on the KT homepage (<http://www.kt.com>; Corporate Social Responsibility → Corporate Governance).

BOD Activities

Category	2007	2008	2009
No. of BOD meetings	12	17	14
Participation rate	92%	96%	93%
Evaluation results (scale of five)	4.56	4.61	4.41

*In 2009, the BOD deliberated on and approved 46 agenda items, including the plans for consolidation with KT Freetel and for the establishment and operation of the Corporate Governance Improve-ment Committee

Compensation for directors (including independent directors) as of the end of Dec. 2009

(Unit: KRW 100 million)

Category	Executive directors(3)	Independent directors(7)
Overall compensation	36.5	4.3
Amount Approved at the General Shareholders Meeting	45	45
Individual average	12.2	0.6

*The overall compensation category includes retirement allowances paid in 2009
**Detailed information on the BOD is available on the KT homepage (www.kt.com; IR → BOD)

The corporate governance charter is available on the KT homepage (<http://www.kt.com>; Corporate Social Responsibility Corporate Governance).

Since its privatization in 2002, KT has been committed to ensuring corporate transparency, adopting almost all of the recommended global standards for corporate governance. We have professional managers, an independent Board of Directors, and the roles of the CEO and the BOD chair are clearly separate. We have also adopted the "KT Corporate Governance Charter" and established the Corporate Governance Committee in order to improve our corporate structure. These efforts were externally recognized by our receiving the "Grand Prize" at the 2010 Corporate Governance Awards by the Corporate Governance Service of Korea. We have also been listed in the CGS Hall of Fame (2007 and 2008).

BOD Composition and Operation

The KT Board of Directors is comprised of 11 members (three executive directors and eight independent directors, as of March 2010). The independent directors, who are professionals with corporate leadership experience, are appointed by the Independent Director Recommendation Committee, which is composed of all of the independent directors and one executive director. The BOD chair serves a one-year term and is chosen from among the independent directors.

Committees under the BOD

Committees under the BOD (as of March 12, 2010)

Committee	Composition	Roles and responsibilities
Corporate Governance Committee	4 independent directors, 1 executive director	Deals with issues relating to corporate governance
Audit Committee	4 independent directors	Performs audits on accounting and company operations
Evaluation & Compensation Committee	4 independent directors	Oversees matters related to the CEO's contract and evaluation
Management Committee	3 executive directors	Deliberates on general management issues mandated by the BOD
Related Transactions Committee	4 independent directors	Deliberates on major internal transactions and transactions with related parties, which are prescribed in the Monopoly Regulation and Fair Trade Act and the Commercial Act
CEO Recommendation Committee	All independent directors, 1 executive director	Nominates CEO candidates, deliberates on and approves necessary matters
Independent Director Recommendation Committee	All independent directors, 1 executive director	Nominates independent director candidates, deliberates on and approves necessary matters

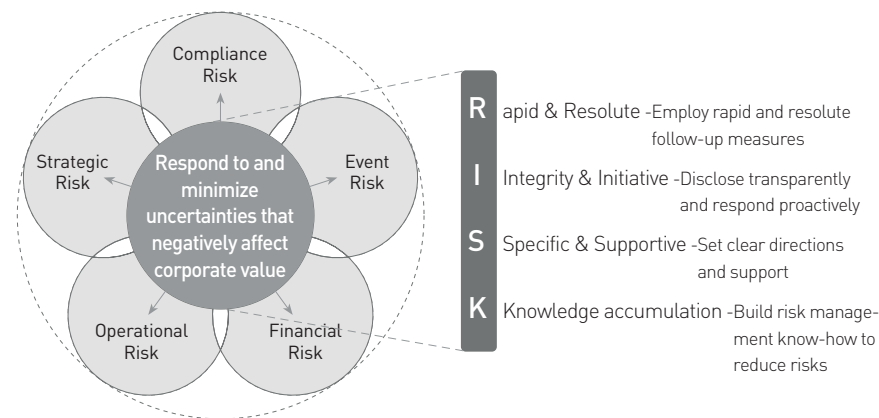
Responsibility Management by professionals and compensation system

The CEO signs a management contract with the BOD to ensure responsibility. The CEO's performance bonus is linked to KT's overall performance, which is assessed by the Evaluation & Compensation Committee's quantitative and qualitative analysis of various indicators, including non-financial performance. Equally, the performance bonus for executive directors is based on the same corporate performance evaluation and the respective business units.

Risk Management

Market saturation, fierce competition and growing uncertainties in the market have heightened the risks of doing business. KT has set up a company-wide risk management system that allows it to respond to financial, strategic, operational, and compliance risks. These efforts will help us prevent risks from becoming problems, maintain close ties with stakeholders, and pave the way toward sustainable growth in an uncertain environment.

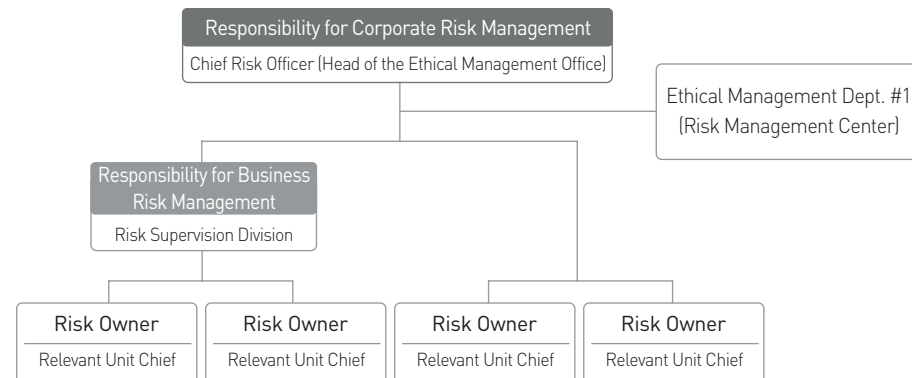
Risk Management Scope



Company-wide ERM System

KT integrated division-based risk management activities into the company-wide Enterprise Risk Management system in 2004. In 2010, we established the Risk Management Center under the Ethical Management Office as an organization dealing exclusively with ERM. The Center supervises all activities relating to risk management, sets risk management plans, identifies and manages key risks, and runs the Risk Management Committee. All organizations in the company are now using the "Enterprise Risk Response Handbook" to respond to actual problems strategically and practically as well as to conduct risk-prevention activities.

Risk Management Organization Chart



Risk Management Process

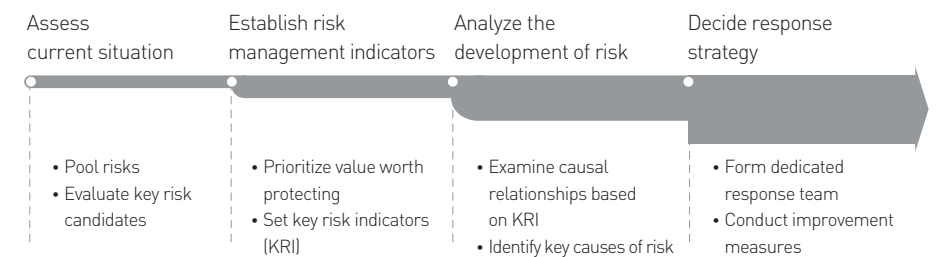
Focused Management on Key Risks

We have reinforced our preventive activities by identifying key risk factors related to our operations and then establishing strategies for managing risks. Operational and strategic risks are pooled and evaluated to identify the greatest threats. The casual relations of these risks are analyzed to come up with a set of "key risk indicators," which are used in monitoring our risks and improving weak points, thereby minimizing the chance of problems occurring.

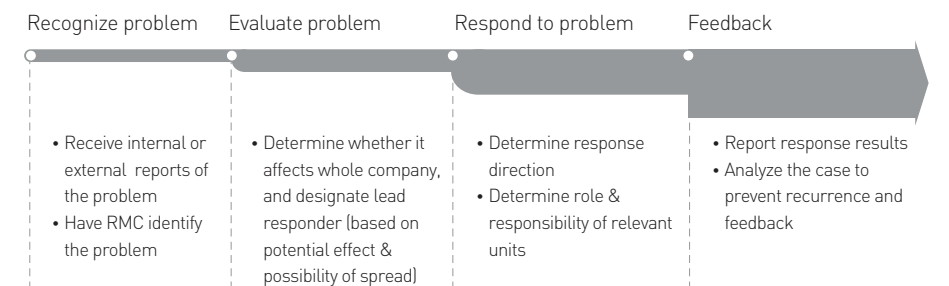
Crisis Response

A company-wide crisis response system is in place, allowing the Risk Management Center to initiate appropriate action should any risk become an actual problem. In such cases, the Center induces swift action to prevent escalation and minimize the actual damage.

1. Preventive management process of core risks



2. Risk response process



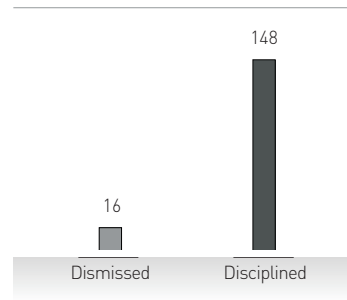
Raising Risk Awareness

Successful risk management requires a scientific, efficient risk management system. In addition, the company must raise awareness of risks and instill a proactive mindset concerning risk management. We have adopted an in-house risk evaluation framework to assess risk factors and "risk owners" and categorize risks according to potential impact and possibility of occurrence. In the process, we have improved our capability to respond to crises and prevent risks from turning into real problems. Our employees are more aware of the need to consider risk factors when carrying out their assigned duties. Our risk evaluation in 2010 identified a total of 227 risk factors. They have been prioritized, response strategies have been formulated, and risk prevention measures are now being implemented.

Ethical Management

*The Code of Conduct and its Implementation Guidelines are available on the KT homepage (<http://www.kt.com>, About KT → Ethical Management)

Results of Follow-up Measures to Non-compliances in 2009

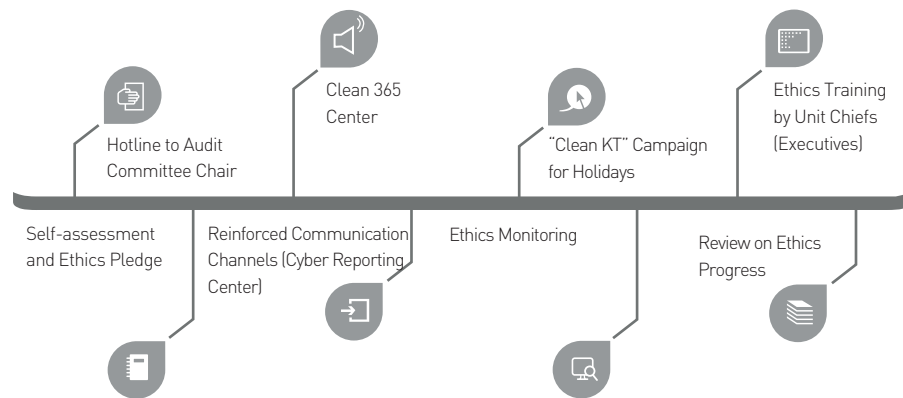


Reporting Channels

- Cyber Reporting Center (www.kt.com; About KT → Ethical Management → Cyber Reporting Center)
- E-mail: ethics@kt.com
- Help Center (080-713-6262)

Ensuring ethical business practices is a top priority at KT. The “Clean KT” campaign involves various programs to ensure corporate transparency. Ethical management programs help employees to carry out their missions, while training sessions and informal talks with management help to instill the need for ethical compliance throughout company and the Group. In May 2010, we added provisions regarding environmental protection and the OHS of employee and stakeholders to our Code of Conduct, and our affiliates are now subject to this Code.

Programs under the “Clean KT” Campaign



Hotline to Audit Committee Chair KT opened a hotline to the Audit Committee Chair, who is an independent director, on April 13, 2010. Employees now can use e-mail or voice-mail to report irregularities by executives with the rank of managing director or above to the Committee Chair without having to go through the in-house Ethical Management Office. The hotline joins the Cyber Reporting Center as a direct communication channel to the Audit Committee.

Expansion of the Ethics Program KT expanded the scope of the Code of Conduct and its Implementation Guidelines to overseas subsidiaries (including joint ventures), and devised sustainability management guidelines for those subsidiaries. These rules cover ethical conduct, social contributions, personal information protection, and compliance to international labor standards. They serve as the basis for making decisions that conform to international standards.

Ethics Training by Unit Chiefs (including Executives) Since April 2010, unit chiefs, including executives, have held monthly training sessions to raise employee awareness of ethical issues and promote their ethical conduct. The unit chiefs (over 500 in total) at the KT Head Office and worksites are familiarized in advance with the training materials, prepared by the Ethical Management Office, and then give lectures to their subordinates. In this way, the unit chiefs serve as a model and help to instill an ethical mindset in their people. The materials contain various case studies that make the training content more realistic, encouraging greater participation by all employees and maximizing the training effectiveness.

Stakeholder Participation

KT runs the CSR Committee, consisting of related executive directors, to maintain effective communication with stakeholders and to reflect their major concerns in actual operations. The Committee supports the activities of departments and divisions under its supervision, which are tasked with performing sustainability management activities.

Framework for Stakeholder Communication

Our major stakeholders include customers and investors, which have an economic relationship with the company; employees and business partners, who are invaluable for driving innovation and growth; and local communities where we operate. We pursue diverse forms of communication with them by identifying a representative of each group. Dialogue may take place through a regular consultation body or through surveys when needed.

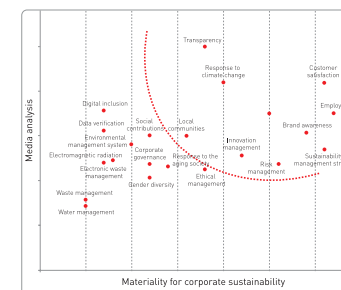
Stakeholder Communication Channels

Stakeholder Group	Communication Channel
Shareholders	General shareholders' meeting (annual), CEO conference (annual), earnings conference (quarterly, disclosures, conference calls), IR news (1-2 times a month), domestic/overseas IR events (year-round), IR homepage
Customers	Customer pools (200 persons, and 3 regular surveys and 4-5 special surveys a year), regular online surveys (approx 20,000 respondents, twice a year), college student product review (60 persons, 6 months), household panel (3rd panel in operation in 2009)
Employees	Joint Labour-Management conference, Labour-Management conference at regional level, Labour-Management conference at group level labor-management dialogue (annual), management conferences (quarterly), grievance resolution system (online), newsletter/internal news/intranet debate forum
Business Partners	Partner firm CEO meeting (annual), partner firm satisfaction survey (annual), regular conference (semi-annual), technology exchange forum (monthly), online win-win cooperation center (year-round), website for receiving partner firm suggestions (year-round), communities in various fields (under preparation), forums for IT company CEOs (bi-monthly)
Local Communities	Meetings with local communities, KT Volunteers (approx. 40,000 participants per year), IT Supporters (39 regions, approx. 70,000 activities per year)
All Stakeholders	CSR Report (published annually since 2006), corporate homepage (www.kt.com), and 'DigiEco,' the homepage of the KT Research Institute of Economics and Management

Materiality Test

While preparing the 2010 Social Responsibility Report, we carried out a materiality test that comprehensively measured the relevance of sustainable development and the public's perception of the company. We sought to ascertain the areas of concern by outside stakeholders and the expectations that society has for us. Therefore, we analyzed all domestic media reports on the company during 2009 as well as our own activities as perceived by the stakeholders. The results were used to extrapolate the key issues that are not only concerns shared by stakeholders but which also affect our chances for sustainable development. The issues we identified are related to customer satisfaction, green growth, brand recognition, Sustainability Management Strategy, risk management, and local communities. Besides reporting on these issues, we intend to reflect these test findings in our overall management activities and to encourage greater stakeholder participation.

Materiality Test for corporate sustainability



Dream with Shareholders

Driving Powerful Growth with New Value.

Unrealized dreams are the drivers of progress. Aspiring to be the Global ICT Convergence Leader, KT creates new opportunities and generates new value so that greater economic results are shared. We continue to develop a "blue ocean" to drive new growth. Our primary focus in this respect is on the wireless data market, which is growing rapidly, and IPTV, with its endless possibilities. In the process our performance results will keep improving and our value will become ever more surprising.

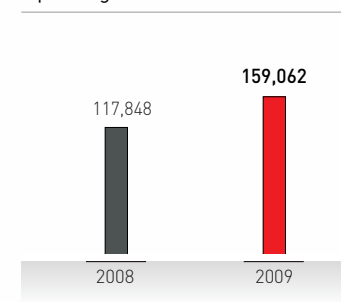


Growth & Innovation

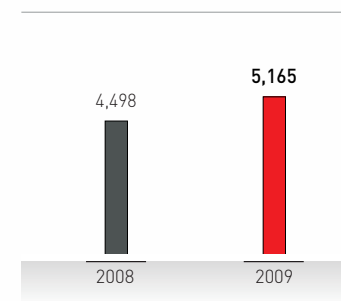
Sales and Profit

Consolidation with KTF boosted operating revenue to KRW 15.9 trillion in 2009, up 35 percent from the previous year. The merger greatly improved product sales revenue, which includes mobile services as well as handsets. Revenues from services delivered via the Internet also grew steadily, as shown by the fact that IPTV subscribers surpassed the one million mark. On the other hand, discounts for long-term subscribers and combined service users led to a slight reduction in Internet access revenue year on year. In addition, fixed-line revenue (telephone and LM services) dropped as mobile and Internet phones continue to replace conventional telephones.

Operating Revenue KRW 100 million



Net Income KRW 100 million



Operating Revenue Breakdown

Unit: KRW 100 million

	2008		2009		Change YoY
	Revenue	As % of total	Revenue	As % of total	
Internet access	20,591	17.5%	19,546	12.3%	-5.1%
Internet-applied	3,595	3.1%	4,319	2.7%	20.2%
Data	16,501	14.0%	14,502	9.1%	-12.1%
Telephone	39,387	33.4%	36,032	22.7%	-8.5%
LM	13,936	11.8%	11,541	7.3%	-17.2%
Wireless	10,066	8.5%	42,664	26.8%	323.8%
Product sales	8,551	7.3%	24,988	15.7%	192.2%
Others	5,221	4.4%	5,469	3.4%	4.8%
Total	117,848	100%	159,062	100%	35.0%

Operating expenses also rose significantly from the previous year. Non-recurring expenses increased sharply (KRW 876.4 billion) compared with a year ago due to early voluntary retirement of over 6,000 employees in December 2009, which required massive reserves for the retirement allowance. Despite the drop in operating income due to the increased retirement expenses, however, net income recorded a 14.8 percent growth YoY because the appreciated Korean won reduced losses on foreign exchange translation.

Income Statement

Unit: KRW 100 million

	2008	2009	Change YoY	
			Amount	Change (%)
Operating revenue	117,848	159,062	41,213	35.0%
Operating income	11,134	6,116	-5,018	-45.1%
Non-operating income	8,553	8,843	291	3.4%
Non-operating expenses	14,086	9,397	-4,689	-33.3%
Income tax expense	1,102	396	-706	-64.0%
Net income	4,498	5,165	667	14.8%

Investment in Facilities and Future Plan

Unit: KRW 100 million

	2008	2009	Change YoY	
			Amount	Change (%)
Internet	6,033	8,224	2,191	36.3%
Fixed phone	1,427	2,619	1,192	83.5%
Mobile phone	7,295	7,411	116	1.6%
Data	4,185	2,852	-1,333	-31.9%
Telecommunication infrastructure	6,752	7,204	452	6.7%
Support facilities	3,895	3,690	-205	-5.3%
Total	29,587	32,000	2,413	8.2%

Wages and Employment Benefits

In 2009, labor expenses totaled KRW 3.45 trillion, including a non-recurring expense of KRW 876.4 billion due to the early voluntary retirement.

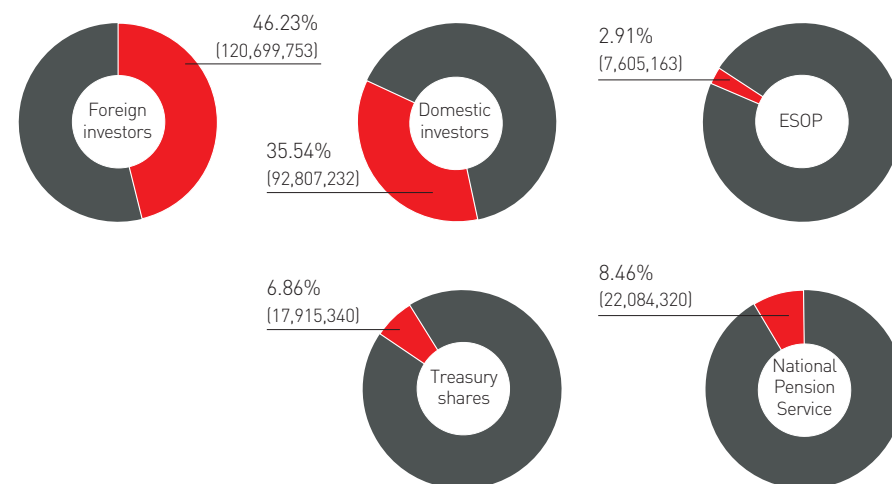
Labor Expenses

Unit: KRW 100 million

	2008	2009	Change YoY	
			Amount	Change (%)
Wages	18,362	18,678	315	1.7%
Reserves for retirement allowances	3,222	10,717	7,495	232.6%
Expenses on employment benefits	4,887	5,149	262	5.4%
Total	26,471	34,544	8,073	30.5%

Share Ownership

As of the end of 2009
[No. of outstanding shares]



Shareholder Return

KT has adopted the cumulative voting and written ballot systems to protect the rights of minority shareholders. Moreover, in principle, a return of at least 50 percent of the previous year's net profit is provided to shareholders. At the March 2010 General Shareholders' Meeting, a resolution was passed to distribute KRW 486.4 billion in dividends for the FY 2009.

Innovation Management

In 2009, we addressed risk factors such as fiercer competition among affiliates and the expansion of LVNP (SMS VoIP Number Portability). We also laid the groundwork for our transition to "olleh KT" through aggressive marketing for IPTV Live (IPTV that supports terrestrial broadcasts) and SoIP (service over Internet protocol). We will continue to pursue change and innovation to realize our vision for sustainability.

Continuation of Customer-oriented Business Processes

Previously, KT's processes were based on work functions, organizational units and products. Now, however, we are revamping our processes from an end-to-end customer perspective with the aim of turning KT into a comprehensive media service & product provider. Going beyond simple process upgrades, we are transforming the enterprise by innovating products, channels, service strategies, processes, and infrastructure.

We are granting ownership for all company-wide processes and recognizing them as assets to increase responsiveness to changes in the business environment. We also carry out performance monitoring and have established a process governance framework.

Greater Efficiency and Innovation to Boost Profits

Each organizational unit has drawn up voluntary operational innovation measures in line with management's emphasis on Corporate Responsibility and the company-in-company (CIC) framework. The Service Enterprise Engineering (SEE) program was also launched to promote operational efficiency and innovation, which will help us to deliver excellent services and increase profitability at the same time.

Mid-/Long-term Growth Strategy



IMO Control Room

The Key Growing Businesses

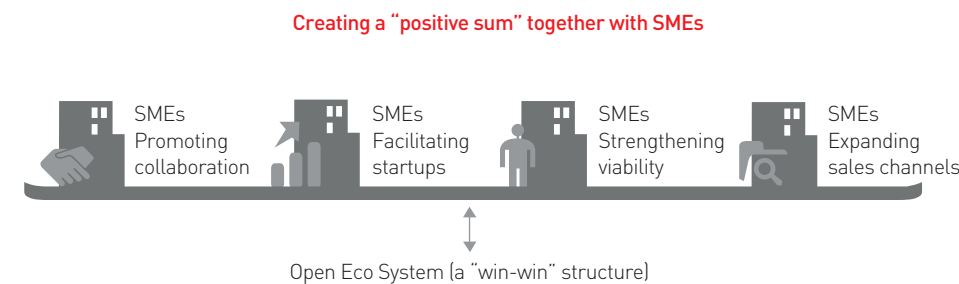
We have implemented various mid-/long-term business strategies to realize our vision of growing into a global ICT convergence leader. These strategies are leveraging our outstanding network and integrated fixed-mobile services, as well as our experience in opening up new possibilities for convergence by introducing popular smart phones in 2009.

“Open Eco” System We are building the “Open Eco” system, which targets new media markets such as IPTV as well as the rising market for open mobile platforms in step with the spread of smart phones. Our new system allows software developers, SMEs and venture companies to grow together. We conducted in-depth interviews with venture companies and SMEs before designing the system. Our goal has been to expand opportunities to discover newly growing businesses together by providing them with practical support and by promoting effective communications amongst all players.

For example, KT is providing the development environment (namely the necessary space and toolkits), important statistical data, indirect investment through funds, and cloud computing services. Cloud computing is a service that allows customers to borrow resources such as large data centers, network infrastructure, software and service platforms. As such this service is now attracting attention as a new growth business that leverages KT’s strengths in supporting venture companies and SMEs. Now KT is building the Econovation Center to provide mobile application developers with online technical support, and developers with test environments and a place to assemble. The center will also serve as a venue for developer competition events.

Open Eco System

: Open platform-based collaboration that expands business chances for and the competitiveness of SMEs



WiBro WiBro (Wireless Broadband) is a wireless broadband Internet technology jointly developed by KT and other South Korean IT companies. This protocol is an international standard for IEEE 802.16e (mobile WiMAX). Since 2007, we have been engaged in various efforts to expand service areas with the goal of promoting the WiBro service as our future growth engine. In addition to the basic function of accessing the Internet, KT plans to create new mobile lifestyles by introducing SHOW WiBro via personalized services such as webmail, full-duplex video communication, PC control for the home, customized information service that is connected to a real-time search function, and mobile UCC.



Wi-Fi in the subway



- IPTV e-learning
- In-house cloud storage (Ucloud Pro)
- GOOK hub

Our WiBro Investment Company (WIC) plans to build a Korea-wide WiBro network. We aim to expand into overseas markets and have already signed an MOU with Intel for incorporating WiBro communication functions into Intel chipsets.

IPTV In November 2008, KT became the first company in Korea to commercialize real-time IPTV, which integrates telecommunications and broadcasting. We have steadily invested in IT infrastructure such as a media center, transmission equipment and a backbone network. Additionally, we are pursuing win-win partnerships with SMEs that supply equipment, solutions and content.

New Businesses

New Media Advertisement KT is developing an integrated advertisement platform for cross-media ads (connecting ads on different media vehicles) and new media ads such as those for IPTV, Internet, mobile and SoIP. Furthermore, we are developing intelligent advertising technology by analyzing user patterns and various data to provide customized ad services that deliver maximum impact.

Green IT & Cloud In line with the Korean government’s green growth policy, KT is considering the adoption of initiatives related to green telecommuting and smart grid that links IT with electric power. Meanwhile we are developing virtualization technology for cloud computing and cloud PC*s.

[* Cloud PC : This is a computing model in which users store their PC environment, applications and personal data in a centralized data center and use them anywhere via the Internet.]

Book Café We launched “QOOK Book Café,” a distribution channel that combines conventional publication contents and IT technology. The site is an open market for books, comic books, magazines and other kinds of e-book contents that are available via PCs, e-book readers and smart phones. Individuals as well as publishers can post and sell their e-book contents on this site. This market provides more than 100,000 books, including best-sellers. QOOK Book Café will be a new business platform for KT, helping the Korean publication market to grow further. (More information about QOOK Book Café is available at www.bookcafe.qook.co.kr.)

Global Businesses



Super-iMAX EVO service in Uzbekistan

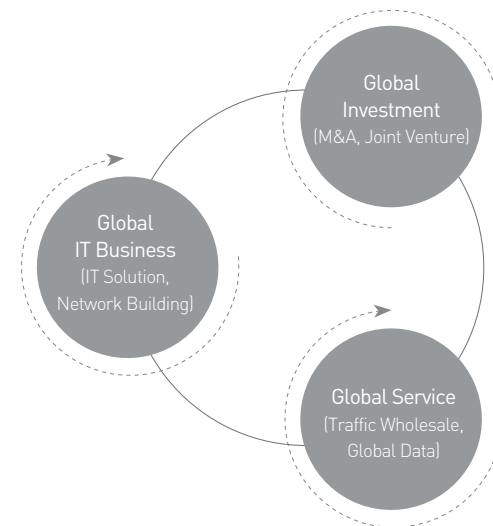
Global Businesses

KT is a comprehensive telecom service provider with extensive expertise in building and operating various kinds of ICT infrastructure, including PSTN*, broadband Internet network, WiBro network, BCN**, IPTV, CDMA and WCDMA. We are expanding our business overseas by targeting governments and telecom operators in underdeveloped countries which need to improve their ICT infrastructure. Additionally, we are aggressively venturing into overseas markets by providing customers with world-class solution platforms and consulting services. We leverage our global network that connects major countries around the world to provide end-to-end data lines and IP services as well as fixed and mobile satellite telecommunication solutions globally.

(*PSTN : Public Switch Telephone Network **BCN : Broadband Convergence Network)

Sustainability Management Overseas

To extend sustainability management into our operations abroad, KT established and provided Code of Conduct and Global Sustainability Management Guidelines to our overseas joint-ventures in their local languages. The Global Sustainability Management Guidelines provide guidance on ethical management, social contribution, personal information protection, and compliance with International Labour Standard. We are strengthening sustainability management globally by monitoring and providing education to our overseas joint-ventures.



All New KT tries leap beyond the boundary of local business.

We will leverage our world-class service know-how and broadband network building technology to carry out global investment, IT, service businesses.

We have strengthened relationships with international organizations and global enterprises. For example, we recently carried out a project to expand a basic telecommunications network in Vietnam, and we have acquired stakes in NTC of Russia, MT of Mongolia, and East Telecom and Super iMAX of Uzbekistan. Such successful experience with overseas investment will help us to enter into other countries which have great growth potential in Internet-related fields. We also export our world-class solution platforms, which meet global standards, while building networks and providing consulting services for governments and enterprises on a global scale.

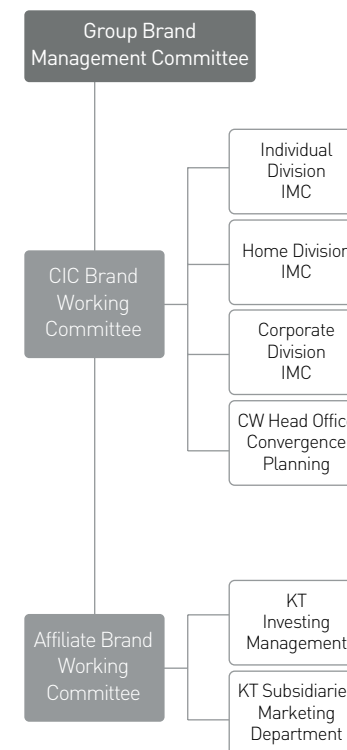
Brand Management

Customers buy brands instead of products and they experience companies through company's brands. Brands are now valued as intangible assets that create corporate values. According to surveys on the brand value of major global players, the brand value of KT has steadily increased since 2005, and surged especially in 2009 when the fixed and mobile businesses were integrated. We are engaged in efficient brand management activities by increasing brand value while reducing the ratio of marketing costs to sales. We also pursue a brand management strategy at the Group level to bolster our brand management system as well as to ensure all related activities are aligned systematically.

Group Brand Management System

We run the Group Brand Management Committee, CIC Brand Working Committee and Affiliate Brand Working Committee to determine strategies for brand policy & design and advertising. The Group Brand Management Committee, which is chaired by the CEO and attended by CIC executives and affiliate CEOs, sets the overall direction of the KT Group brand. Details on brand management are discussed at the CIC Brand Working Committee Affiliate Brand and Working Committee.

The Synergy Management Office (formerly the Brand Strategy Office), which directly reports to the CEO, oversees Working Committees and manages the brands of the Group brand and individual affiliates comprehensively. The office deals with changes of Group brand policy, deliberates on Group brand violence cases, and provides guidelines for Group brand design and affiliated brand advertising.



Connection between Sustainability Management and Brand

KT continues its endeavors to establish constructive corporate image as a "reliable, responsible and green growth-oriented" company. As a part of these efforts to improve our corporate image, we have assessed the images of olleh KT (Group brand), QOOK, SHOW and 'olleh' (Product brands), covering a range of assessment indicators such as fair price policy, misleading advertisement prevention, environmental preservation, social responsibility activities, etc. The assessment results are reported to the integrated marketing communication offices of individual business divisions to help them to determine the 4 P's of marketing strategy (product, price, promotion and place). The Brand Strategy Office attends quarterly meetings of the CSR Committee to connect sustainability operations and brand.

Brand Efficiency Assessment

Brand recognition and value assessments are conducted biannually (in June and December) by using the Brand Performance Index (BPI). The BPI is designed for providing a basic framework to brand management, consisting of brand awareness, brand attitude (favor/familiarity) and brand behavior (usable/recommendable). We also use Advertising Performance Index (API) to analyze the effectiveness of our ads. The BPI and API which reflect various customer opinions successfully provide us a wide range of useful information in establishing brand and advertizing strategies.

Dream with Customers

Let customers' dreams unfold with leading-edge services.

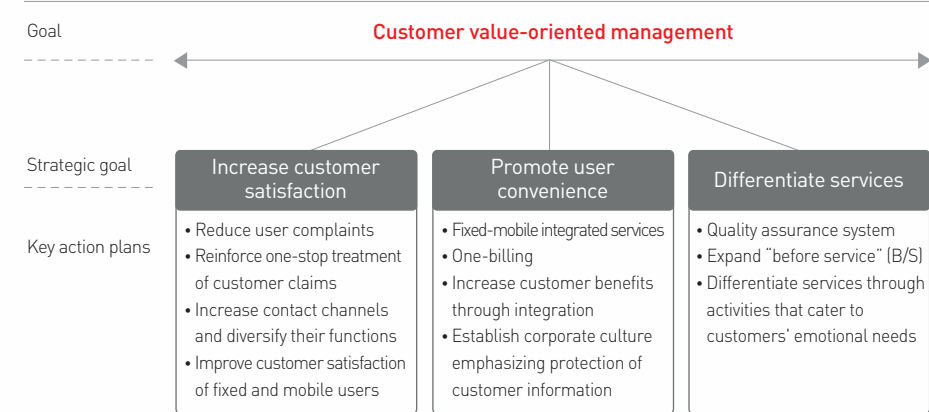
What starts as a dream will eventually come true. People who have always wished to have a hand-held computer can now enjoy the services they want through their smart phone. At KT, we don't just respond to customer demand. Rather we launch new services that are a step ahead of what customers are seeking. Our customer value management program aims to not just impress customers but to instill pride in our brand. In developing new services, we always strive to understand the customers' desire down to even minor dissatisfactions.



Three Major Action Strategies

Customer Relations

We pursue customer value-oriented management by re-aligning our vision, principles and core values to meet the needs of our customers, and by further distancing ourselves from our competitors. All of our corporate activities and procedures are to be carried out in a single framework for increasing customer value in accordance with our new corporate vision. To enhance customer value more concretely and systematically, we established three strategic objectives: "increase customer satisfaction;" "promote user convenience;" and "differentiate services."

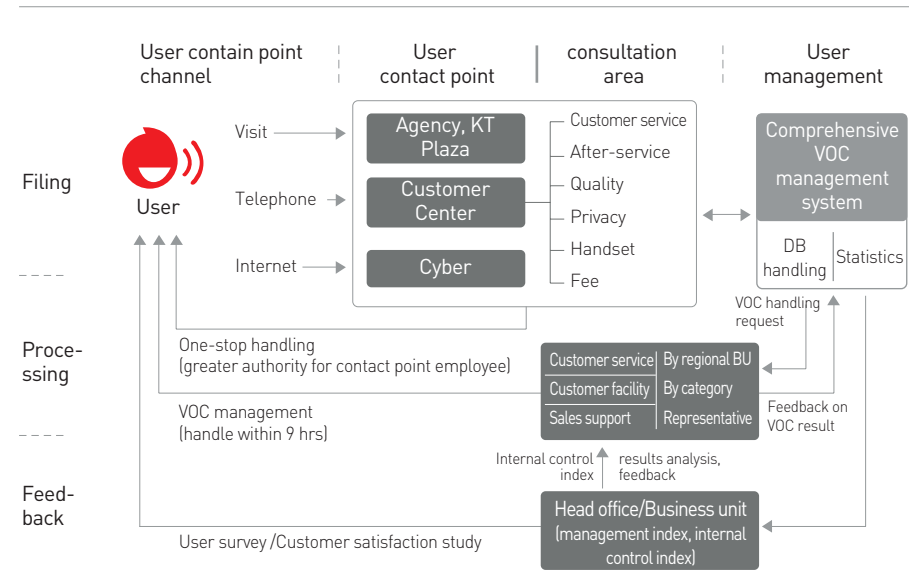


Customer-oriented Management Activities

Increasing Customer Satisfaction We listen to what customers say and reflect those opinions in our management processes. Customer opinions are collected through our call center, homepage, sales offices, and various external channels (customer advocacy groups) because the "voice of the customer" (VOC) is a valued asset to us. Once gathered, customer feedback is integrated and analyzed under our VOC Management System on a real-time basis. We are not just responding to customer complaints but are reflecting them in all business processes, from product planning to sales.

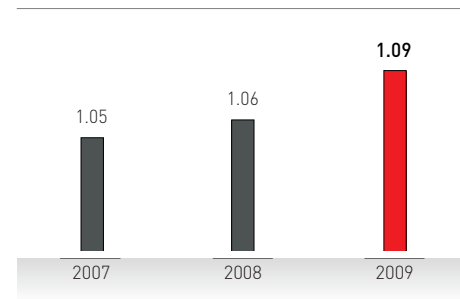
Reduction in Customer Claims The Consumer Complaints Management System (CCMS) introduced in May 2007 is a key tool to realize customer value innovation (CVI). The CCMS is designed to prevent customer complaints and dissatisfaction from happening and to provide real-time solutions. Key executives responsible for customer service manage the operation, maintenance, promotion and improvement of the CCMS. Customer opinions from various channels are collected, classified and calculated by the CRM system. Customer requests and complaints are arranged and reported to the top management once every two weeks, and are reflected in the development of new services and products. A dedicated secretariat is running the CCMS.

Processes for Handling User Complaints



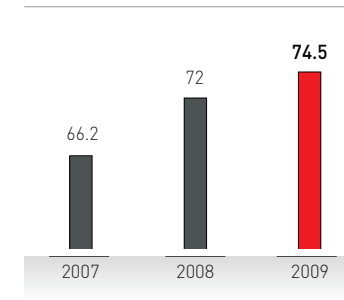
Running the VOC System KT operates a "voice-of-the-customer" (VOC) system not just to reduce the number of customer complaints but also to ascertain customers' needs, explain their needs company-wide, and solve the problem as soon as possible. To this end, we: (1) offer a complete service package that includes "pre-inspections;" (2) settle complaints at customer contact points through the VOC system; (3) reduce customer complaints by improving business processes; and (4) boost customer loyalty by heeding the advice of key customers. The VOC system empowers employees at the point of contact with customers to address the problem immediately. When this is not possible, however, the customer request is sent to the person in charge and the complaint is resolved within nine hours from the time it was received.

CVA Scores

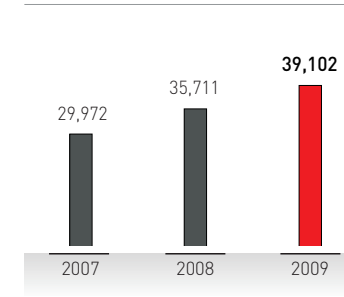


*CVA = KT's score / No. 1 competitor's score in customer satisfaction
 * Classification according to the CVA score range:
 • Top-level competitiveness (1.1 or more),
 • Outstanding competitiveness (1.03 or more and less than 1.1)
 • Average-level competitiveness (0.97 or more and less than 1.03)
 • Low-level competitiveness (lower than 0.97)

Customer Satisfaction Results



Details of e-Billing Services (thousand persons)



Boosting Customer Convenience & Benefit

Integrated Fixed-mobile Services and Integrated Online Channel We unified our home service brands under the "QOOK" name to mark our new beginning as an integrated fixed-mobile services provider in 2009. Accordingly, previously separate fixed and mobile customer call centers were integrated into the full-service, one-stop "100 Call Center." The "QOOK" site (www.qook.co.kr), a comprehensive corporate portal that covers products and services for the home, also offers information on service charges and user terms. Users can visit this site to apply for or cancel subscriptions, check bills, change service plans and handle other matters. These features are similar to those offered by the "100 Call Center."

Integration of Customer Information Telecommunication services are changing rapidly with the ongoing evolution of related technology. As a result, systems for managing customers, international phone calls, roaming services, service plan consultation, and sales data have also become complex, making it increasingly difficult to respond rapidly to customer needs. KT has tackled this problem by launching the "N-STEP" project, which integrates all customer-related data. N-STEP allows us to provide customers with a points accumulation program that covers various services, offer diverse plans for combined services, and respond quickly to customer inquiries.

Expansion of "One Billing" and "e-Billing" KT is expanding the number of e-billing subscribers, who receive their bills by mobile phone or email, in order to reduce costs and resource usage from sending bills in the mail. The number of e-billing subscribers is growing, and we plan to accelerate this trend by making more functions available through e-billing. We also plan to provide an integrated billing ("One Billing") service to customers who use multiple KT services. This will allow them to more easily track household telecom expenditures. Moreover, customers who apply for the service will be able to receive one-stop consultations for greater convenience.

Differentiated Services We operate a quality warranty system, which assesses customer satisfaction from the time of telecom service initiation as well their response to after-sales services. Customer requests collected in the field also help us to improve our services. Our IT engineers (service representatives) issue a QOOK service quality warranty for customers, thereby elevating customer confidence in KT services. We aim to provide uninterrupted services by adding a "before-sales" program to the after-sales service suite. This program exemplifies our commitment to excellence, even behind the scenes. It offers preventive inspections of facilities with a high probability of malfunctioning, in order to minimize inconveniences and raise the level of value that customers perceive they are getting. Now the "before-sales" service program is being expanded from the fixed line, broadband Internet, VoIP and IPTV services to include mobile phone shadow areas. This will help us to provide customers with services that are even more reliable.

Customer Protection



QOOK Internet personal care

We have built a state-of-the-art system for protecting personal information, by expanding the relevant infrastructure, adopting a certification system to ensure data privacy, and conducting regular security checks. In this process, our customers' valued online information is safe from being accessed and traded illegally.

Customer Information Protection

Reinforced Ability to Execute Customer Information Protection Measures KT's personal information protection policy is in compliance with Korea's Act on Promotion of Information and Communications Network Utilization and Information Protection, etc., the government directive on the protection of personal information, and other related regulations. We run a dedicated webpage (<http://privacy.kt.com>) to respond to customer's inquiries. Beyond implementing the basic policy, we continue to expand our data security infrastructure and raise employee awareness given that most information leaks result from hacking and careless data management. All employees are now required to sign an annual pledge to protect customer information. In addition, we routinely check the personal information protection activities of our sales agents and partner firms to ensure compliance.

Expansion of Customer Information Protection Infrastructure We consider the unauthorized disclosure and leakage of customers' personal information as a key risk factor, and have established various measures and systems for managing this risk. For example, our branches, Call Center, partner firms, and webpage are subject to our customer information security certification, and we require our subsidiaries to adhere to a protection policy as strict as that practiced by KT. The customer information security certification aims to ensure that privacy protection measures are fully implemented by awarding outstanding business units, while intensively monitoring units which have not been certified and providing them with training.

KT has adopted technical and managerial measures, including an encryption system, to prevent hackers' unauthorized and illegal use of customers' national ID numbers, financial data, or other personal information. In 2007, we introduced the Digital Right Management solution to block leaks from our employees and partner firms. DRM encrypts all data created on PCs and watermarks printed materials. We routinely check for potential weak spots in all of our systems, including personal data storage. Simulated training sessions are conducted in cooperation with other public sector organizations to help prevent data-related crimes and enhance our capabilities to respond to online attacks and data leaks.



Network testing at QOOK & SHOW Zone

Raising Employee Awareness Trainers from KT Headquarters visit branches and partner companies to conduct sessions that instill greater employee awareness on the importance of protecting customer information. This on-site training was attended by 94.9 percent of all KT employees in 2009. We have also installed an e-learning system to conduct an annual program for all employees.

Information Safety Inspection Every year, KT conducts the information protection safety inspection in accordance with the law and obtains external safety certification on services and key ICT facilities. The inspection, first carried out in 2009, is designed to identify vulnerable spots and potential problems in advance to improve preventive measures. External agencies have issued certifications for our clustered information and communications facilities as well as our facilities for providing information and communications services.

Complying with Government EMR Standards Mobile phones and other mobile telecommunication devices are subject to ongoing debate over the possible harmful effects of their electromagnetic radiation (EMR). We conduct tests on all handsets to measure their specific absorption rate (SAR). All devices are registered and sold only after they meet the government's SAR limit of 1.6 W/kg. In addition, we continue to install new base stations each year to support our expanding WiBro services. This has heightened safety concerns by residents who live near these sites. Every year, KT selects a base station with the highest signal strengths and commissions an external agency to evaluate the electromagnetic environment, in order to monitor and manage EMR quantitatively.

Prevention of Service Disruptions The prevention of service interruptions is critical, as enjoying stable telecom services is an important customer right. Problems in telecommunication can cause major economic losses as well as public dissatisfaction. As Korea's largest IT network operator, KT bears a great responsibility and employs various measures to prevent disruptions and ensure stable and reliable telecom services at all times.



Dual Network Monitoring System We currently operate network control centers in Seoul, Busan and eight other regions to monitor local service quality, while a nationwide network center in Gwacheon (south of Seoul) features a real-time monitoring function, completing a dual network monitoring system. We carry out year-round preventive measures for all facilities that could spark service disruptions, including switchboards, transmission lines, Internet infrastructure, and power supplies.



- Installing WDM equipment in trunk lines and correcting a system failure
- Emergency recovery of optical cables

Earthquake-resistant Solutions In order to secure business continuity and make immediate and adequate responses in times of earthquake outbreak, we have completed a test for earthquake-resistance on all our telecommunication facilities, first started with our Telecom Center in 2001. We are introducing a solution for the facilities requiring additional reinforcement. We conducted a shake table test in May 2009 and developed raised access floor frames, equipment racks and battery frames with proven resilience against quakes in accordance with the Technical Standards on the Safety and Reliability of Electrical Telecom Facilities, which was revised by the government on October 16, 2008. Plans also call for reflecting these quake-resistance solutions in the equipment purchasing process for on-site application, and improving network reliability through continuous upgrades.

Emergency Recovery Drill KT engages in the annual emergency training drill in cooperation with other telecom operators under the direction of MKE (Ministry of Knowledge Economy), in order to secure readiness to respond quickly to service disruptions caused by natural disasters or accidents. We are also equipped with 320 types of emergency recovery equipment and we regularly perform emergency recovery drills. Additionally, the fourth day of every month is designated as "safety day." On this day, each business site undertakes safety training and checks of key facilities in order to ensure the capability to respond to natural disasters or accidents quickly and effectively.



Free PC security software

Youth Protection

We are helping to create a "clean" Internet environment, where children of all ages are protected from game addiction and harmful influences such as gambling, pornography and violent material.

e-Clean Activities

We developed the "Clean-i," "TimeCodi," and "iAllimi" services for our QOOK Internet service users. The "Clean-i" application blocks pornographic materials distributed through P2P programs and various harmful websites, while the "TimeCodi" application prevents Internet addiction by cutting off access after a preset usage time is over. These two services have been in place since 2002, and they are now used by more than 500,000 customers. In March 2009, we introduced an application called "iAllimi," which allows parents to easily understand the level of harmfulness of the internet environment which their children are exposed to. This program is available free of charge to all users, including non-KT customers. In addition, we are partnered with the Korea Internet Safety Commission (KISCOM) to prevent access to over 1,100 harmful overseas sites, and we developed a system to prevent indirect access to these sites. We continue to monitor various websites, giving the content grades and requiring the pages to check for user ages.

e-Clean Services Status

Item	Details
QOOK Internet Clean-i	Blocks access to harmful websites, such as those that provide lewd or violent material
Qook Internet TimeCodi	Arranges and manages Internet usage by time period and day
Qook Internet Doctor	Blocks and cures viruses and malicious code attacks
Encryption of information entered through the keyboard	Ensures protection from cracking by encrypting information entered through the keyboard
iAllimi	Internet clean index reporting service (records of visits to harmful sites, etc)

The Cleaning of Our Portal Site

Paran.com, which is run by KT subsidiary KTH, regularly monitors content on its chat rooms, blogs and internet communities. Users are required to verify their ages through personal ID numbers in order to obtain access to any web page of Paran.com that contains adult content. The portal site employs an AI technology-applied screening program to monitor user-created content (UCC) and other interactive services. If they are found to violate the rules of the site, Paran.com blocks the services.

In addition, KT runs a reporting center and hotline for stamping out online pornography and illegally distributed content. To facilitate these activities, we share relevant information with numerous external agencies.

Prevention of Internet Security Threats

"QOOK Internet Doctor" was launched in August 2007 in order to protect customers from the increasing number of cyber threats such as cracking, spam emails and phishing. This free-of-charge application features a personal firewall, automatic PC diagnosis, application fix management, overall system optimization, and anti-virus function. An anti-phishing feature was recently added to prevent damage from e-mail fraud, a growing problem.

Dream with Suppliers

Growing Together with Openness and Trust.

Mutual trust brings greater growth for all. KT maintains horizontal rather than vertical relationships with suppliers, offering a "partnership for growth" model. Our status as a true partner with SMEs is shining through. We are applying our IT expertise to build a mobile eco-system, are running programs for forecasting demand and sharing results, and are expanding our open platform.

Going forward, these partner relationships will be maintained and developed further so that suppliers grow with us.



Ceremony to announce "win-win" cooperation and a fair transaction agreement

Goals and Directions of "Partnership for Growth"

Partnering for Growth

We revised our procurement program by implementing measures to prevent the abuse of the lowest bidding scheme, strengthening the basis for SME self-sufficiency, paying in cash, and expanding financial support for the SMEs. In addition, we have supported software application and content developers through the "Open-Eco" policy, strengthening our win-win ties. Not complacent in these achievements, we will further our policy of mutually-beneficial relations with suppliers, building a new business paradigm of "Partnership for Growth" We declared the "Three Don't Policy" to alleviate SMEs' concerns when they cooperate with big companies. These refer to our not wasting SMEs' resources, not appropriating SMEs' ideas for technology development, and not competing directly with SMEs.

The Declaration of Three Don't Policy to Promote Partnership for Growth

• olleh KT's Declaration of Three Don't Policy •

We will not waste SME's resources

We will not misappropriate SME's ideas of technology development

We will not create an environment of competing with SMEs

Demand Forecast

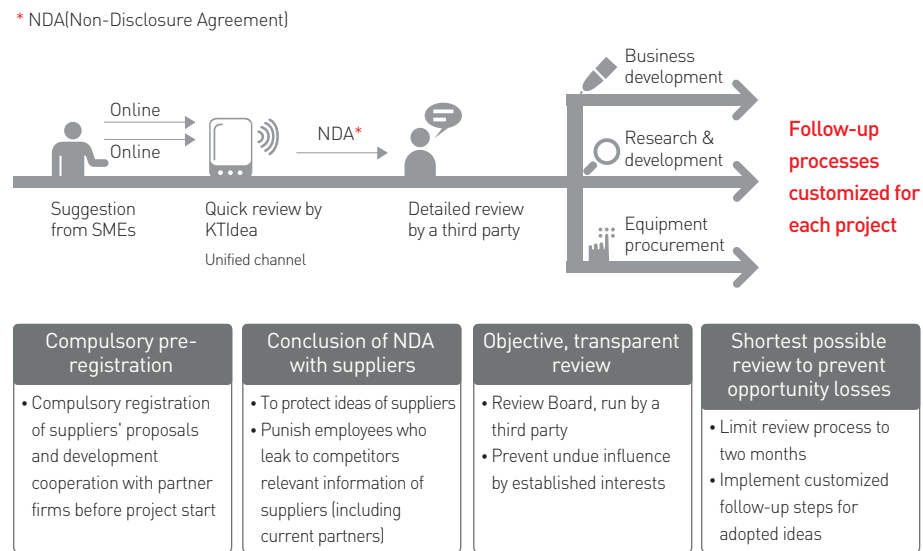
Our SME vendors previously had trouble managing their production and inventories because they were unable to accurately predict KT's future demand. Additional resources may be wasted when KT does not commercialize newly developed products. However, our new demand forecast program helps to conserve the resources of our partner firms, and we now improving our joint development scheme to provide our partner vendors with greater opportunities. Our new program calls for us to announce, at the beginning of each year, our projected annual procurement requirement based on current market and technology trends, as well as our short-/mid-term business forecasts. We began the program by disclosing our first round of demand forecasts in July 2010, followed by periodic updates as the business situation changed.

Non-disclosure Agreement

"We shall not misappropriate SMEs' technology development ideas" means that we assure our SME vendors that they need not worry about losing intellectual property when, for example, their proposals are not adopted by KT for various reasons or when the proposal review process is protracted. To this end, we will conclude non-disclosure agreements (NDAs) with our partner firms, thereby improving the transparency of our cooperative arrangements with suppliers. The NDA helps prevent sensitive information from being leaked to third parties and promises to severely punish employees who violate the agreement.

Moreover, we will notify our suppliers of our development plans in advance as part of our efforts to improve the joint development scheme. Joint development projects, once underway, will be managed closely, and if commercialization does not result, the partner firm will be appropriately compensated for their resource outlays. This will help to reduce uncertainties on the part of our suppliers and they can control their production and inventories more flexibly, easing the problem of resource waste during the development stage.

Partnership for Growth
: Improved Processes to Prevent Suppliers' Ideas from Being Lost



Ideas, Proposals & Rewards

We reorganized our site for submitting suggestions and proposals (ktidea.kt.com) in order to create a single reception window. We have also streamlined our processes so that all ideas or proposals are reviewed and decided within two months of receipt. The selected ideas are categorized into business development, R&D, and equipment procurement, and different follow-up steps have been devised for each area. These improvements allow us to make the best use of the ideas from our SME suppliers. We have also introduced an idea purchasing scheme for technology, business models or other ideas that contribute to our operations. If an idea can be commercialized, the proposer will be guaranteed up to 50 percent of the total procurement volume for the item in question. For ideas that require further development, purchase orders are assured for a pre-set period if the development is completed successfully.

Our commitment to supporting the R&D activities of SMEs is underlined by a KRW 45 billion fund for commercializing ideas and technologies related to mobile applications and content. An additional fund worth KRW 55 billion is planned to support projects for key IT solutions. These funds lower the R&D costs of SMEs with exceptional technology and outstanding ideas, and revenues earned from projects will be shared.



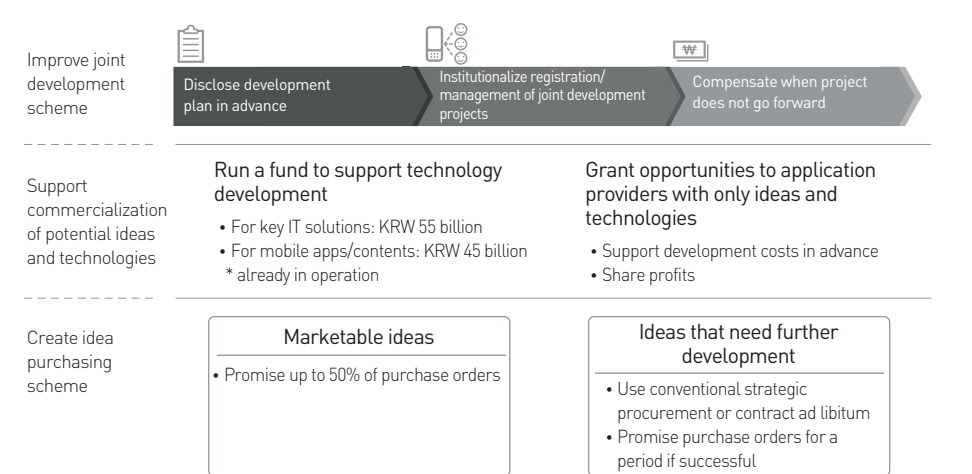
Opening ceremony for KT Econovation Center

Partnership for Growth
: Compensate SMEs for their Ideas

Expanded Open Platform

By publicly committing not to compete directly with SMEs, we aim to defer SME concerns that KT might advance into both ends of their value chain and overtake their markets. We will pursue a positive-sum game on the basis of an "Open Eco" system by creating new business areas shared with our SMEs, rather than playing the old zero-sum battle where big companies and SMEs fight over limited resources.

We are offering our SME vendors some of our assets and expanding open platform-based cooperation in order to preserve their original business realms, while giving them new market opportunities. This allows them to maintain stable sales channels, while strengthening their competitiveness in their areas of specialization.



Benefit-sharing Arrangement

In 2006, KT adopted the benefit-sharing arrangement where both KT and partner firms jointly develop equipment and services in order to reduce costs and improve quality. Six projects were carried out in 2008 and seven projects were launched in 2009. KT provides participant suppliers with training and consulting on Six Sigma, a business management strategy. We also provide environmental testing and measuring devices to support their equipment development efforts.

Patented Technology Procurement and Usage Rights Transfer

We are expanding patent-related cooperation with companies and universities that possess superior technologies, in order to secure key technologies that will drive future business growth. We are also strengthening our business competitiveness by applying key patents we have already acquired. To promote win-win cooperation, we are committed to leveraging KT R&D results to turn those results into marketable items and grant SMEs the rights to use the technologies or patents they need at lower royalty rates. We will also continue to sell our rights to unused patents to SMEs.

Support for Partner Firms in a Win-Win Relationship



Announcement of a "win-win" program to upgrade the IT industry and create new jobs

We are fully aware that our competitiveness is linked directly to that of our business partners. We therefore offer multiple support measures in order to help our suppliers enhance their competitiveness, including product quality consulting, free employee training, financial support and assistance to open new sales channels overseas.

Support Consulting and Accreditation for Quality (TL9000)/Environmental (ISO14001)

In order to ensure a proper environmental and quality management system for our partner companies, KT encourages our partner companies to be certified to TL9000/ISO14001 (Quality/Environmental Management system) by providing them a financial assistance - KT covers 50 percent of the certificate related expenses. This support promotes the standardization of their quality management processes, raises their employees' awareness of environmental issues, and improves their overall productivity. Going forward, we plan to implement rigorous follow-up measures in order to help our suppliers increase their competitive edge and ensure a stable supply of equipment.

Support for Telecom Infrastructure and Testing Environments

In order to lessen the heavy R&D burdens on our suppliers, we have established an independent network infrastructure and provided an environment of developing and testing wireless internal services to our suppliers. A total of 206 providers of mobile internet contents and solutions were benefited under this support scheme in 2009.

Free Training to Partner Companies

KT provides free training programs to employees of SME partners, who in most cases have limited resources for HR development. In 2009, we offered 39 courses, including those on equipment and service operation, customer relations, and resource management. A total of 8,256 trainees took part. Group courses are provided at the KT HRD Center and each regional field-training center, and the classrooms, textbooks, accommodations and meals are all provided free of charge. These programs have been enthusiastically received by our suppliers.

Financial Support for Suppliers

KT operates a fund worth KRW 200 billion under KT Capital to provide credit loans to SMEs, which have faced difficulties resulting from the rise in raw material prices and foreign exchange rates. Moreover, we have stopped settling payments in promissory notes and have been providing cash settlements for deliveries by SME partners since 2006, regardless of the contract sum. We also concluded agreements with financial institutions so that partner companies can receive loans at lower interest rates depending on their performance. By doing so, we have largely contributed to SMEs securing liquidity and operating capital.



Venture Award- Competition for start-up SMEs and developers that produce new business items and QOOK TV applications

Support for Overseas Expansion of Outstanding Suppliers

We help top-performing partner companies to expand their business and sales channels. In 2009, we pursued five global IT projects with nine exemplary suppliers, generating KRW 6.1 billion in sales. Going forward, we will continue to strengthen our partner relationships by carrying out joint overseas expansion.

Fair Trade Compliance

Fair Trade Compliance Program KT became the first in the Korean telecom industry to adopt a fair trade compliance program (CP) in 2001, in an effort to ensure strict adherence to the law and prevent unfair practices. The CP conducts audits to confirm whether any unfair practices have been conducted inside the company, before they are pointed out by government authorities such as the Fair Trade Commission. The audit results are passed on to all organizational members so that they may draw lessons from these case studies. As a result, all employees can raise their awareness and understanding of fair trade issues, thereby helping to prevent such practices from occurring.

Fair Trade Compliance Program (CP)

- Compliance programs that promotes companies' voluntary observation of fair trade laws and regulations, based on trust between companies, market and government
- FTC conducts annual evaluations (CP rating evaluation) and provides various incentives

Deliberation of Regulations

The Fair Competition Deliberation Center, which is staffed by lawyers who specialize in this area, was opened in 2005 as part of our fair trade compliance program. By conducting reviews on anti-trust issues related to the business plans of key divisions, we are effectively preventing violations of fair trade laws. Additionally, we have designated on-site (Marketing, Corporate Business and Wireless Marketing BUs) fair trade representatives to prevent unfair business activities.

Items for Pre-audit

- Company-wide marketing plans, ad campaigns, PR materials
- Marketing agreement among service providers
- Internal transactions among affiliates such as finance, assets, and human resources
- Contracts with suppliers/outside distributors/subcontractors

Dream with Environment

Protecting the Environment with Eco-friendly Technologies.

KT seeks ways to coexist successfully with nature.

KT is developing eco-friendly IT services that are both easy to use and environmentally safe. Meanwhile, new ways are being identified for applying IT for environmental protection purposes, thereby giving rise to new services.

Such efforts help to protect nature and conserve energy for a healthier planet.

We aim to be an "environmental partner," fostering an eco-friendly corporate culture while putting the earth first in the decision-making process.

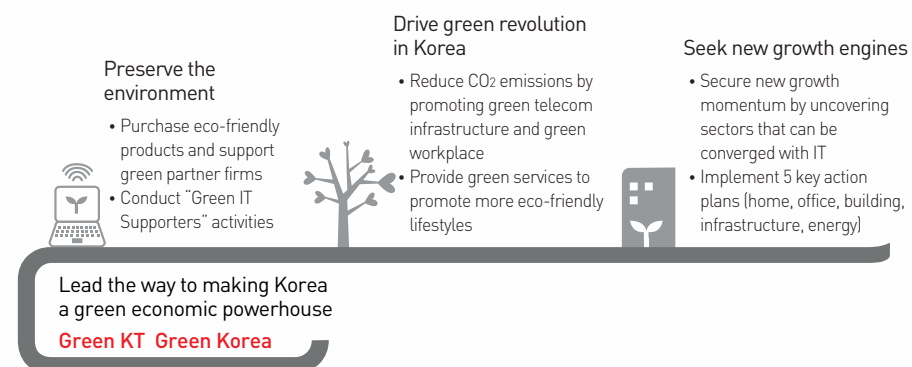


Environmental Management

Environmental Vision

The environment is a vital issue that is crucial to the future of society. Accordingly, corporate responsibility for the environment is a crucial element of sustainability management and poses new business opportunities. Climate change, a major global issue in the 21st century, presents risks as well as new opportunities using "green" information technology.

We have established "Green IT, Green Korea" as our new environmental vision, representing our determination to build a nation that leads the global movement towards greater environmental friendliness while realizing new growth engines in the green technology industry.



Certificate for the ISO 14001 Environmental Management Standard

Environmental Management System We became the first in the Korean telecom industry to be ISO 14001 certified for our construction and real estate businesses in 2007. The operation of our environmental management system has raised the transparency and credibility of our environmental management activities. We now aim to acquire the certification for all of our business areas and to continue to standardize methods and systems for improving our environmental performance. Other aspects of our environmental management program include employee training, internal audits, and company-wide environmental protection campaigns.

Green IT

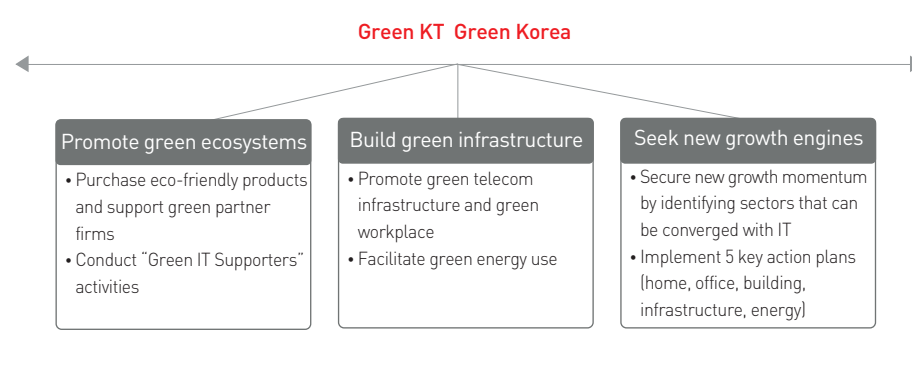
Strategy and Direction

The IT sector continues to contribute a greater percentage to global energy use and greenhouse gas emissions with the ongoing spread of IT devices. Therefore, we established the KT Green IT strategy, which calls for us to develop energy-saving information technology and eco-friendly parts and materials for IT applications. This strategy also aims to transform the current infrastructure, which consumes massive energy volumes, into a carbon-neutral model. To this end, we will explore new sources of revenue generation (eg, green offices, green homes and green energy), and expand our business spheres into other sectors with a basis on our Information Communication Technology (ICT).

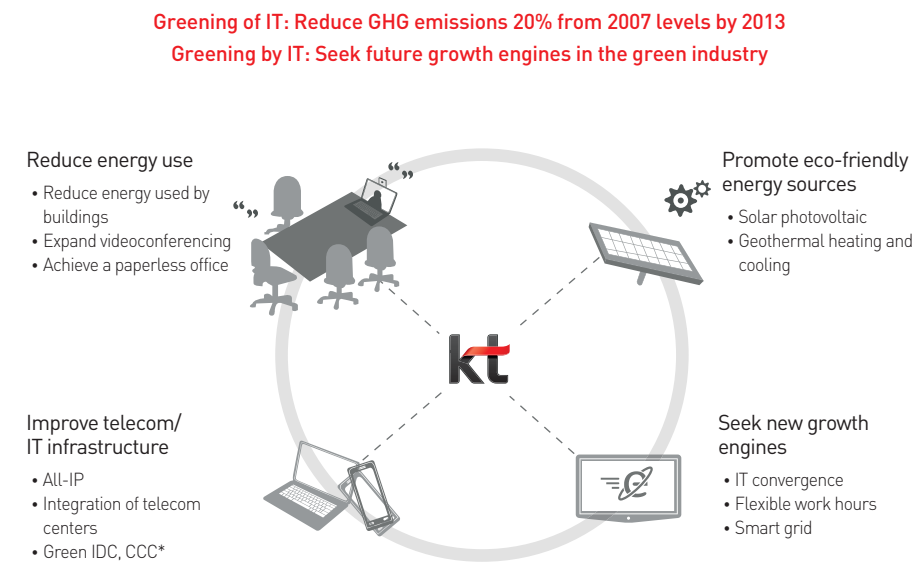


KT and Ericsson sign cooperative agreement for IT

Create a "Smart Green Company"
: Incorporating Green IT Project in the KT Ten Management Strategic Priorities



KT Green Objectives
[*CCC: Cloud Communication Center]

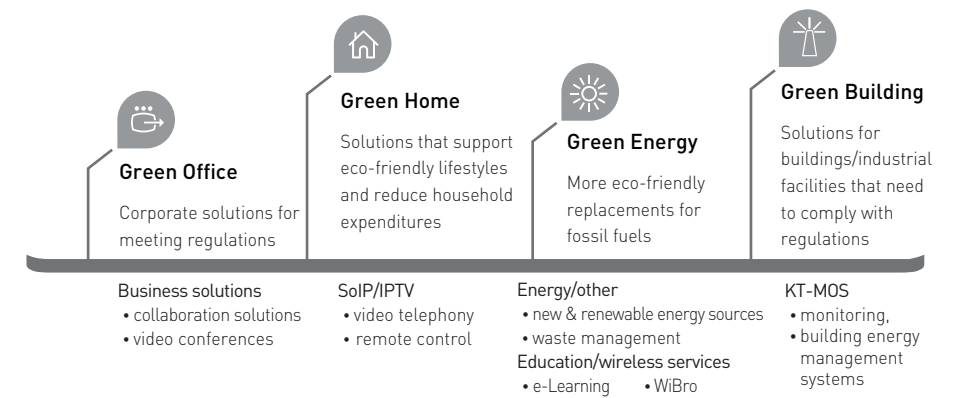


Organization and Systems

We established the "Green IT Committee" (chaired by the CEO) to efficiently advance green IT-related capabilities in order to drive green growth. The committee sets annual green IT action plans (every first quarter), and quantitatively evaluates the company's progress in meeting GHG emission reduction targets and in generating revenue from green products. The "War Room," a central database center from where the progress of the Green IT strategy is monitored, consists of six divisions. The system allows the status of green action plan implementation to be tracked on a monthly basis, in order to identify projects that are ahead of schedule, on schedule, and behind schedule, and to induce necessary actions.

Green Infrastructure

: KT's Green Social Infrastructure provides ICT solutions for other industries that pursue green strategies. Solutions are categorized into the following four areas



Organizational Chart of the Working Committee for Green IT

Green Infrastructure Subcommittee (Network Division)	Improve telecom/IT infrastructure Build simple network Develop new business services based on electronic power technology
Green Home Subcommittee (Home Customer Division)	Provide green services Be paperless & green Promote visualized telecom services
Green Office Subcommittee (Corporate Customer Division)	Promote remote service for corporate customers Pursue businesses targeting mobile terminals Build Green IDC
Green Service Subcommittee (Research Center)	Develop smart, green businesses Discover green, home-office business models Standardize Green IT technology
Green Environment Subcommittee (GSS)	Realize green property and promote new & renewable energy Build low energy-consumption network Provide environmental support to partner firms
Green Individual Subcommittee (Individual Customer Division)	Promote green mobile convergence Engage in green marketing Build the foundation for a green network

GHG Emission Reduction Targets

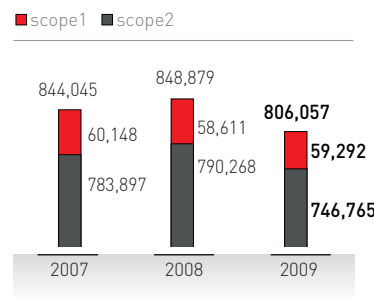
We plan to lower our GHG emissions by 20 percent by 2013 (from 2007 levels) by conserving energy, using alternative energy sources, upgrading telecom and IT infrastructure, and promoting a green workplace. To this end, we have set progressive annual emission reduction targets to lower aggregate CO₂ emissions by 1.73 million tons annually.

Green IT Activities

GHG Emission Reduction Targets

KT became the first in the Korean telecom industry to build a company-wide GHG inventory system, which serves as a platform to manage data on GHG emissions.

The system directly and indirectly collects GHG emission data from disparate sources, and calculates the total amount of greenhouse gases released. In 2009, we examined the energy consumption of our buildings and increased the energy efficiency of our facilities, thereby surpassing our original GHG reduction target. During the year, we released 8.48 billion tons of CO₂, which is 428.2 million tons lower than the volume recorded for 2008.



GHG Emissions

(Unit: ton CO₂)

Type	2007	2008	2009
SCOPE 1	Fixed combustion	36,254	36,686
	Mobile combustion	23,894	21,925
	Total	60,148	58,611
SCOPE 2	Electricity	780,320	787,132
	Steam	3,577	3,136
	Total	783,897	790,268
Total	844,045	848,879	806,057

* Former KTF's data coverage on GHG emissions and electricity consumption before and after the merger is not included above.

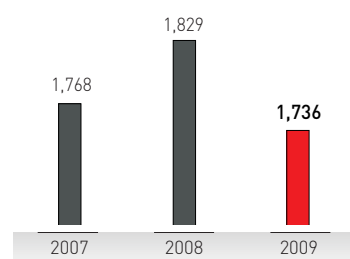
Use of Highly Efficient Equipment

We are now engaged in a company-wide effort to maximize energy efficiency, including the mandatory installation of more efficient equipment. As heating and cooling facilities are thought of as a major source of energy consumption and GHG emission, we are addressing that problem by replacing the existing systems with those that have energy-saving heat pumps. We are also replacing halogen and incandescent lights, which lose great volumes of energy through radiant heat, with LED lamps. In addition, we have adopted value-engineering approaches in our construction operations, and are now using thermally-insulated glass, triple-component glass, double-glazed windows, higher-efficiency insulation materials, and cool thermal energy storage. Importantly, the "smart-heating" controller system has proven to be outstanding in lowering energy consumption by optimizing both centralized and decentralized temperature control system.

Reduced Power Consumption of IT Equipment

We have applied green ICT technology to our telecom infrastructure, marking a turning point in improved network efficiency. In 2009, we lowered electricity consumption by 5.1 percent from the previous year by installing Fiber To The Home (FTTH) communication facilities implementing stricter thermal standards for telecom systems, and consolidating telecom centers. Moreover, we plan to extend the service coverage area of our telecom centers from the current 4km radius to a 50km radius by 2015, reducing power consumption by up to 40 percent. We will also increase the power efficiency of our telecom network by replacing existing switches and the current wireless network with 3G systems.

Power Consumption (Unit: GWh)



* This table does not include data from the former KTF.

KT plans to develop and provide highly efficient green infrastructures across the country. Our green Internet data centers (IDCs) will integrate the network and infrastructure. The next-generation IDC, which was developed in-house, will help us significantly reduce energy use in the future.

Changeover to Low-carbon Emission Energy

We installed two solar power plants, at Sinnae-dong and Hwaseong where one of our office buildings and a power transmitting station are respectively located in. The facilities produce 130,000 kW-h of electricity per year, reducing our CO₂ emissions by 1,100 metric tons annually. As of 2009, the aggregate output of the power plants has reached 118,826 kW-h. KT will continue to expand the use of new & renewable energy sources, strengthening the foundation for low-carbon operations.

1. Solar power system on the site of the Hwaseong transmission station.
2. Solar power system on top of the KT office building at Sinnae-dong.



Geothermal Heating & Cooling Systems

Heavy dependence on electricity as a major energy source poses a severe problem. This can be solved by using geothermal energy for hot water and temperature control system in buildings. We are partnering with Korean SMEs to develop a more eco-friendly method of hole-boring, which does not produce particles and noise, for geothermal energy systems. Such a system is now in place at our Gongju Branch, providing air conditioning and heat without burning fossil fuels. As a result, annual CO₂ emissions have been cut by 42 metric tons.

1. Using a more eco-friendly way to bore holes for geothermal energy systems
2. Installing pipes in the earth for use as heat exchangers



Lower GHG Emissions through Videoconferencing

Videoconferencing helps to reduce carbon emissions as well as to increase productivity by accelerating decision-making and cutting travel costs. The KT Economics Research Institute estimates that replacing 20 percent of all international and domestic meetings with videoconferencing would bring an annual savings of KRW 13.7 billion, as a result of reduced carbon emissions, lower travel costs and increased productivity.



· KT videoconferencing system
· KT-Gyeonggi Province Investment Fund for Green Growth

Conventional videoconference solutions require high initial installation costs and pose quality issues such as audio-video lag. We adopted a PC-based model to address these shortcomings. These systems have been installed in the videoconference rooms in 90 of our office buildings to ensure all employees, even those who are working away from the office, can use their PCs to participate in meetings. In 2009, the savings resulting from video- and mobile-conferencing totaled KRW 5.37 billion.

Support for Customers to Reduce GHG Emissions

KT provides customers with services for measuring and reducing energy consumption, naturally inducing them to adopt greener IT options. We have applied our technical know-how to develop smart-grid telemeasuring, telemetering and remote control solutions that conserve energy. In addition, we provide green home, green office, green building and green energy services.

Participation in Government Projects for Green Growth

We are participating in various projects in step with the Korean government's green growth drive. Examples are a pilot project to establish targets for building energy use in cooperation with the Ministry of Land, Transport and Maritime Affairs; a pilot carbon emissions trading project with the Ministry of Environment; and a project to set energy-use targets in the broadcasting and telecom sectors with the Korea Communications Commission. In addition, we took the initiative to form the KT Consortium in order to participate in the Jeju Island Smart Grid Test-bed project, which was launched in 2009 by the Ministry of Knowledge Economy. We established the KT Smart Green Center on the island; this Center monitors energy management systems, analyzes energy use patterns, controls energy distribution services, and sells electricity.

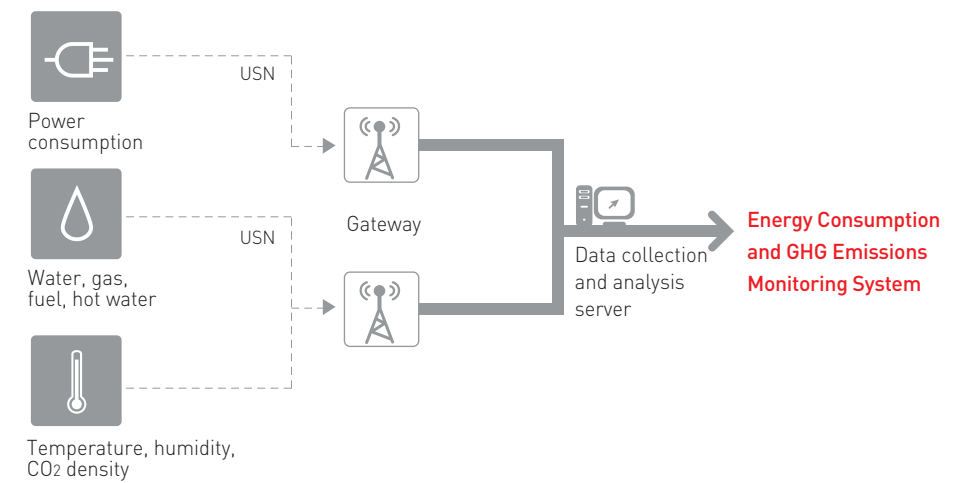
Fund for Green Growth

KT created the KRW 30 billion KT-Gyeonggi Investment Fund for Green Growth in cooperation with the Gyeonggi Provincial Government. The fund is designed to provide financial and technical support to venture companies or startups in the region that are developing energy-saving technology.

Real-time Monitoring of Building Energy Use for Micro-management of Efficiency

We developed a device that measures and reports the energy use and carbon emissions of various facilities on a real-time basis, and that also manages relevant targets. The development project was initiated by the Korean government on the condition that it would purchase the outcome when completed. KT partnered with SMEs to execute the project as a part of efforts to promote win-win cooperation.

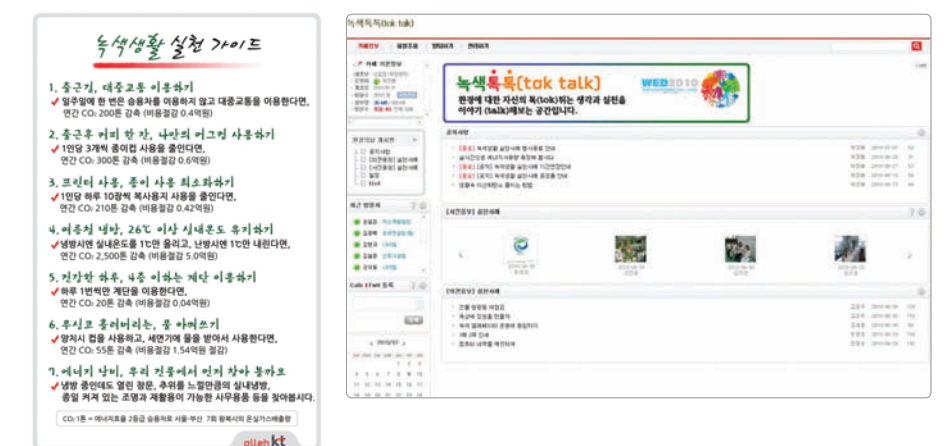
Real-time System for Monitoring Energy Consumption (GHG Emissions)



Ongoing Environmental Protection Campaigns

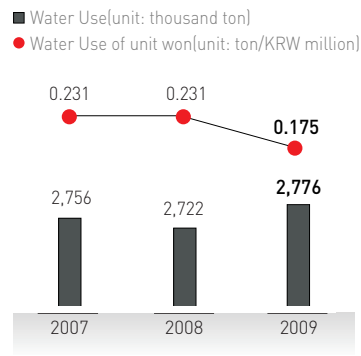
On every World Environment Day (June 5th), we internally disseminate our green guideline on green lifestyles of reducing energy consumption and GHG emission, and operate an internal online community for our employees to share their ideas and practices of the guide.

Intranet community for environmental protection (name: Green tok talk)



Reduced Resource Use and Recycling

Water Use



Water Use

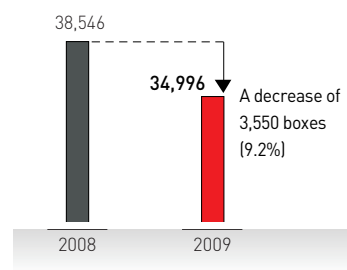
To conserve water used in KT buildings, we established the "Progress toward Green Energy" index and have tracked water data and managed our performances. In 2009, water use was up 2 percent from the previous year, but the ratio of water use to revenue dropped 24 percent from 2008 despite the merger with KTF. Meanwhile, water used at our business sites is treated at local sewage plants.

Green Procurement

We reflect environmental aspects in our specification requirements for procuring Telecommunication facilities. We help our suppliers minimize the environmental impacts of their products from the stage of product development, by providing them guidelines on environmental friendliness of surface treatment, availability of recycle and reuse, and minimization of packaging materials.

We also have a program in place to encourage the procurement of green products we use green labels on our consumable products to allow consumers to easily recognize green products. We update the green information of the labels twice a month, based on the data provided by Eco-Products Institute. We also conduct training to encourage the purchase of more eco-friendly products.

Reduction in Photocopy Paper Use



Saving Resources

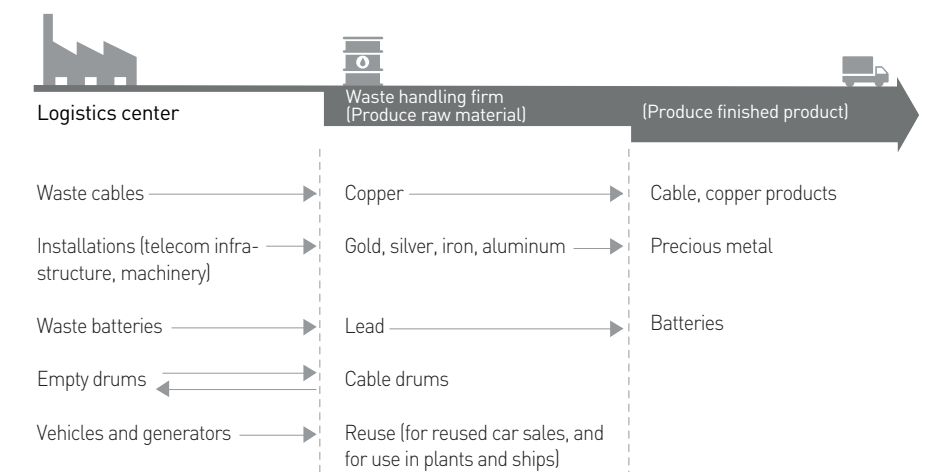
Build an E-office Environment "E-office" refers to an optimal working environment that minimizes environmental impact by adopting information technology. We replaced our paper-based offline approval process with an e-document system, and operate an "e-cabinet" whereby various documents are stored and managed as electronic files rather than as paper printouts stored in physical filing cabinets.

Lower Paper Use Company-wide We are promoting use of AnyFax- an e-fax service - as part of an ongoing drive to achieve the truly paperless office environment. Offices that adopt the e-facimile service can turn in their old fax machines for use elsewhere. In 2009, companywide consumption of photocopy paper dropped by 9.2 percent (3,550 boxes @2,500 sheets per box) from the previous year.

Recycling of Telecom Devices KT compensates purchasers of new cell phones on their old devices returned to us, which are rented back to our customers who are without their phones. KT rents modems to broadband Internet or IPTV service customers and reclaims them when the service is terminated. The returned modems are quality tested to determine whether they can be reused or must be scrapped.

Waste Disposal KT disposes of end-of-life products such as batteries, cables and machinery in accordance with pertinent laws. Designated waste, including batteries that contain waste fuel, acid and other harmful substances, are registered in the "allbaro" system (www.allbaro.or.kr), and their discharger, collector/transporter and disposer are identified. Cables and machinery are sold to recycling firms and are fully recycled for their copper, iron, precious metals and other content, while empty cable drums are resold to cable suppliers.

Waste Disposal Process



Dream with **Employees**

Making Rapid Strides with World-class Talent.

Passion is sparked when people believe their dreams can really come true. KT's employees are provided with diverse on-/offline training opportunities and are compensated on the basis of fair performance assessments. As such, both the company and its people are focused on the same goal: be among the world's very best in their respective fields. We know that employee talent is the true measure of KT's value in the global marketplace. Therefore, we foster a working atmosphere of mutual respect and recognition, allowing labor and management to grow together as partners. Labor and management share the dream of making KT the "Global ICT Convergence Leader."



Organizational Culture

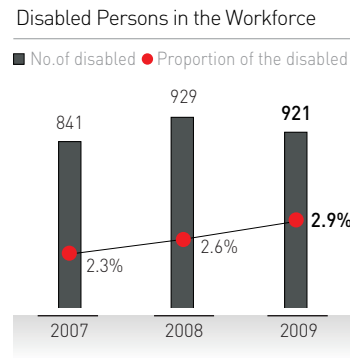
Organizational members are both the generative source of corporate competitiveness and the key competitive edge of the company. KT pursues "partnership in growth," whereby labor and management advance in tandem to foster a "win-win" corporate culture. This approach is designed to bring together company productivity with individual employee competitiveness. Our goal is to increase the value of our people by maintaining trust, passion and fun in the workplace, as well as a harmonious work-life balance.

Goals & Strategies



Current workforce

KT employed 31,405 persons as of the end of March 2010, and the total number of employees has been decreasing each year. Persons classified as "legally disabled" constitute 2.9 percent of all KT employees, which surpasses the government-mandated minimum of 2 percent, and 14.6 percent (4,603 persons) of our workforce are women. Employees are hired either on permanent or temporary status to meet our requirements for specific job skills and work competencies. The portion of temporary workers was 3.3 percent higher at the end of March 2010 than a year earlier, and this rising trend continues each year. We strictly adhere to the Temporary Employee Protection Law and provide our temporary employees with fair compensation. In addition to our domestic employees, we employ more than 2,400 people at subsidiaries in Mongolia and Russia.

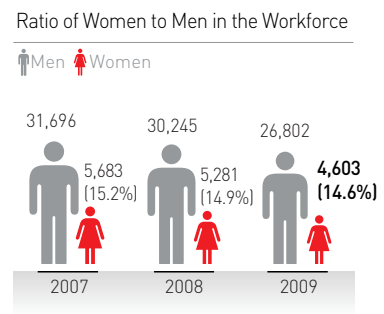


Retirement

The 2009 merger with KTF resulted in the voluntary resignation of more than six thousand people. Most of these were working in fixed-line operations, were 50-plus years old and had an average of 26.1 years in service with the company. After the merger, internet telephone, IPTV, and the 3Ws* became the mainstay operations for KT. Efforts have also been made to develop a new growth engine through the integration of wireless and fixed-line services. These changes necessitated a restructuring of the workforce in order to establish greater competitiveness. The voluntary retirees and regular retirees are provided with a career assessment and with counseling for their work life after KT. We also provide them with various kinds of training in order for them to be able to start their own businesses, get rehired elsewhere, or acquire job qualifications, helping them to make a successful career transition. (* Wi-Fi, WiBro, WCDMA)

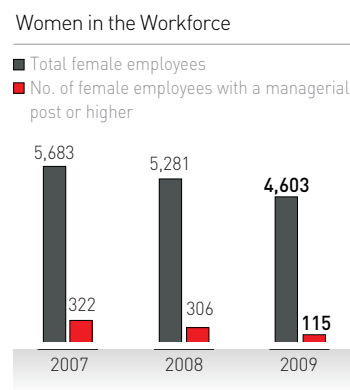
Support Programs for Occupational Transition

Course	Format	Content	Attendees
Career change support workshop	Classroom [2 days]	Change management, 4 social insurance programs, financial planning	659 [182 spouses]
Startup Business	Classroom [5 days]	Understanding startups, aptitude test, occupation selection, commercial area analysis, shop management, marketing	549 [113 spouses]
Career design strategies (for "retirement")	Classroom [4 days]	Understanding rehiring, career analysis, résumé writing, image marketing, interviewing skills	66
Counseling (startup, rehiring)	Unstructured	Starting up a business, getting hired for a new job	600x a year



Female Employees

KT does not differentiate in any way between men and women with regard to hiring, performance evaluation and compensation, or promotion. Three basic directions have been established regarding the personnel system, non-discriminatory hiring, promotion and compensation policies, and leadership training for women so that women can devote themselves to a career without sacrificing their role as mothers. For example, female employees receive a special payment after giving birth to a child, and the company helps to defray the cost of childcare and early child education. Daycare facilities are run at the worksite, and online training courses are made available to mothers on maternity leave in order to ensure a smooth return to their jobs. The number of women in senior management is also increasing. We hired two women from outside for senior managing director posts and we promoted two internally to probationary managing director positions. A new training course has been adopted to prepare women for middle management, and 150 female employees completed the course in 2009.



Labor Relations

The Labor Union

KT employees are free to organize their own labor union and other representative bodies. The collective agreement stipulates that new hires are automatically members of the labor union. As of March 2010, 77.2 percent of the KT employees were registered union members.



*The employee satisfaction survey includes 55 indices on categories that include job descriptions, employee engagement in the organization, promotions & career development, compensation & employee benefits, internal communication, and colleagues & teamwork.

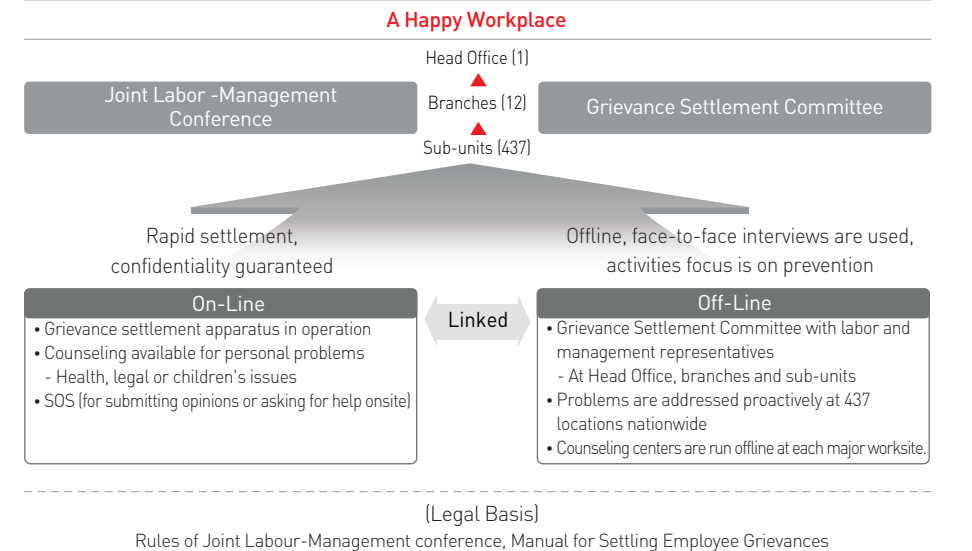
"Win-Win" Labor-Management Communication

KT recognizes the labor union as the representative of our employees, who are our "internal customers" and are a vital partner for corporate survival. Raising pay and improving work conditions are issues negotiated with the union through the collective bargaining process. All changes in the workforce, including downsizing, are carried out after discussion with the union. KT seeks "win-win" relations with employees through comprehensive discussions between labor and management. Labour-management discussions take place every quarter, and the results are reflected in management's decision making. In March 2010, the labor union and management jointly declared a constructive new approach to their relationship (the "olleh KT Constructive New Labor-Management Culture Joint Declaration"), joining forces in the spirit of mutual benefit to generate sustained corporate value, maintain amicable labor relations, provide a satisfying work environment, fulfill all corporate social responsibilities, and create new work opportunities.

Dealing with Employee Grievances

We consider it essential to provide a workplace where all employees feel good about themselves and about their employer. A practical and systematic approach has been taken to prevent and resolve grievances. Factors that could lead to employee dissatisfaction are eliminated with respect to company policy, employee workload, working environment, human resources, employees' concerns outside of work, and employee benefits. Employees can also submit any grievances they may have by phone, letter, e-mail, or through the company website.

A Happy Workplace

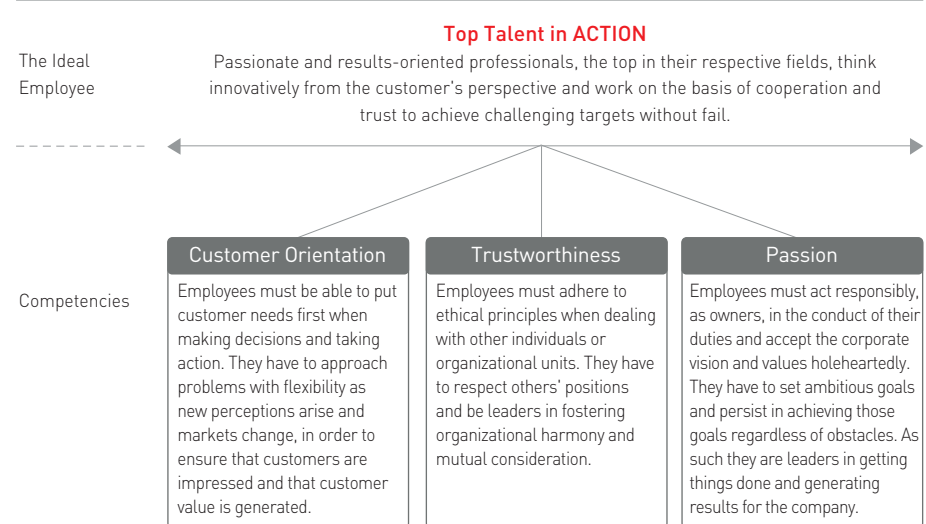


HR Development

KT's Ideal Employee & HR Philosophy

KT's vision of an ideal employee is can be summarized as "Top Talent in ACTION." We promote the professionals who have passion and executive energy to accomplish challenging goals based on mutual cooperation, trustworthiness, and innovative thinking from a customer's perspective. Thus our HR system aims to support our employees to internalize the three core values - customer-oriented, trustworthiness and passion. A Master Plan has been devised for cultivating the personnel necessary to achieve sustainable growth. Human resources are being developed with an emphasis on skills enhancement, and all employees are encouraged to learn and improve constantly. They are provided with a lifetime development plan and are compensated on the basis of performance, which is evaluated fairly.

Ideal KT Employee



Development of Employee Competencies

We have established a mid-/long-term HRD Master Plan with the aim of fostering experts who can achieve sustainable growth amid a rapidly-changing business environment and generate value for customers. In addition, we have established a competency-based HRD system, which classifies personnel by job position and duties, specifying the competencies needed to carry out their roles and responsibilities. The system allows employees to assess their competency levels and improve step-by-step, thereby realizing their full potential.

A perpetual learning system is in place that accommodates individual skill levels, and a multi-channel learning environment (m-Learning by smart phone, UTC) is in place. The curriculum has been expanded to support self-directed learning. All employees are required to take certain training programs, while leadership training, job-related training and online training courses are also offered individually. At the same time, core personnel are provided the opportunity to attend MBA programs or other Master's and Ph.D. programs at domestic or foreign universities.

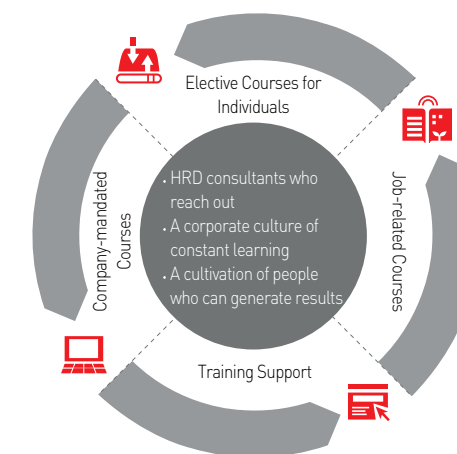


Blue-board Kickoff Workshop

Training System

Program	Course	Self-development
Core Values	Change Leader (I , II , III) High-performer Creation olleh BOOM, olleh Innovation Training, olleh Change Agent	"Self-development notes" is an annual plan, made by each employee to improve his or her competencies. Employees use an online HR system to submit competency levels (overall as well as job-specific) with respect to their current position. They verify how they are improving, and devise a plan for individual growth targets and self-cultivation activities. Their superiors provide coaching and feedback as part of employee development efforts at each worksite, and individual employees are provided with 60 hours of structured training per year.
Leadership	Training for team leader and upper management; courses for people newly hired or newly promoted	
Commonly-required Training	Basic training for the newly hired, courses for key work skills: 12 courses covering 5 different areas	
Specialized Job Skills	Basic intermediate and expert level courses for specific work areas	
External training	External training programs for top managers and team leaders Time-based domestic training scheme Day-based domestic training scheme MBA overseas	
Online & Other Programs	e-Learning: Kate, an HRD Center Outside link: ktedu.kt.com Language Academy: cyber.yhmsisa.com/edukt (open to employees' family members)	

Training & Learning Tools



- Elective Courses for Individuals**
 - Certification courses
 - Lessons by email
 - KMS
 - m-Learning
 - e-Books audio books
- Job-related Courses**
 - Study groups
 - Coaching
 - OJT
 - Mentoring program
 - SOP
- Company-mandated Courses**
 - e-Learning
 - On-site classes
 - Outsourced courses
 - KT HRD Center
- Training Support**
 - In-house lectures
 - Learning opportunities for high performers
 - Learning contract system
 - HRD consulting
 - Course completion certification



Knowledge Management System

Knowledge Management

KT has developed an advanced knowledge management system (KMS) using the latest information technologies, thereby boosting work efficiency and promoting a more creative organizational culture. The KMS allows all employees to share information, which is collected and maintained as corporate intellectual property. Information that needs to be shared is classified appropriately and registered in the KMS database. The information registered in the system must be assessed and inspected by designated "Knowledge Masters" in the relevant fields before it can be qualified for use as KT corporate information. In addition, KT uses a "Wiki"-style tool for idea generation and operates the "Idea Bank" system as a way to uncover new ideas and provide a creative work environment open to all employees.

This is not a one-off campaign for organizational units to submit ideas. Rather, ideas are gathered throughout the year, and the best suggestions submitted through the Idea Bank are immediately reflected in operations. An award of up to KRW 100 million is given to the people who submit ideas that are adopted, providing an incentive for employee involvement. Training is also offered in cooperation with outside institutions.

Knowledge Management Bulletin Board

"Tell Me, Please" bulletin board	1. All employees can ask their questions freely, using the same format as the Naver Knowledge In site 2. Rewards points are given to those who provide useful questions and answers 3. An average of 14 questions and answers per day, with 7,388 inquiries 4. An in-house portal window posts new questions, expediting responses and maximizing employee participation	14 questions & answers daily, generating 7,388 inquiries
Treasure Chest	A participatory knowledge-sharing bulletin board similar to Wikipedia (the initially posted item can be amended or expanded by others)	Aggregate postings: 639
Knowledge Sharing Place	Once an item is posted, experts in the related area will assess it and make necessary corrections.	Aggregate postings: 45,975
Idea Wiki	New ideas or suggestions regarding work are posted and then evaluated by the relevant committee prior to adoption	Aggregate postings: 45,566



· Smart Working Center
· PC-based Videoconference Room at the Smart Working Center

Self-development Notes

Each employee is required to devise an annual self-development plan and then receives 60 hours of instruction during the year to accommodate that plan. This is an autonomous HRD program that allows the individual's current work competency level and self-development progress to be confirmed via the online HR system, followed by coaching and feedback from the supervisor. The program fosters constant learning, prompted by the employee's own initiative, and ensures that all employees have the same access to learning opportunities. The results have been positive regarding the acquisition of specialist qualification certificates and employee satisfaction with the HRD system.

Smart Working

KT was the first company in Korea to adopt the new Smart Working program, which allows employees to select their work hours and workplace more flexibly. Information technology is used to enable employees to telecommute from home or from the Smart Working Center at each worksite. The first of these centers, along with a top-of-the-line videoconference room, is scheduled to go on line at the Bundang Office in September 2010, and centers will be operative at 30 locations nationwide by 2012.

The Smart Working approach is expected to deliver multiple benefits, to include new opportunities for working mothers, higher work efficiency, lower administrative costs, and less traffic congestion. KT has selected working mothers, researchers, and people in support positions as the first candidates for the Smart Working program.

Training Summary

	2007		2008		2009	
	Courses	Attendees	Courses	Attendees	Courses	Attendees
E-learning	314	139,134	253	177,998	223	116,758
Aptitude	-	-	52	148,680	99	179,550
Reading course	210	3,693	100	4,246	90	2,877
Language Academy	359	9,231	364	8,614	525	8,903

Employee Evaluation, Compensation & Fringe Benefits

Evaluation & Compensation

In January 2010, KT replaced the seniority-based personnel system, which includes automatic pay raises for time in service, with a performance-centered annual salary system. Previously, remuneration was classified by job position and rank, but now differences in pay depend entirely on the performance of the individual employee. Each employee receives one of five evaluation ratings -A, B, C, D or F- and the number of employees who receive a "B" performance rating, which pays median salary rate, is kept at 60 percent of the total workforce. Performance pay at KT consists of three types: individual, unit and corporate. The individual bonus ceiling for non-executives (i.e. lower level and middle management positions) has been raised from 60 percent to 100 percent of the base annual salary. The maximum incentive pay for executives, meanwhile, has been elevated to 210 percent of the base salary, thereby motivating senior managers to perform at their peak. The rate of corporate performance pay is decided on the basis of KT's annual financial results (i.e. operating profit and sales growth), while unit performance pay is based on how well individual units fared during the year.

Each January all employees are required to draw up and submit both a list of objectives for the coming year and an action plan for reaching those objectives. Their supervisors will assess their progress once or twice during the year, and each employee receives an annual evaluation by an executive. The final performance assessment is based on how well the employee achieved the goals he or she set at the beginning of the year. The assessment results are then reflected in the employee's individual pay and directive for personal competency development. In addition, KT is now running the Talent Market program, whereby a poll of available talent is maintained among the organizational units so that people can be reassigned as needed by the company.

Employment Benefits

Our employee benefits are largely divided into an employment benefits system and a family-friendly system in order to maximize employee satisfaction. Going forward, KT plans to introduce more diverse programs to raise employees' satisfaction levels at work and in their family lives.

Extending Employment Welfare

KT operates a variety of programs regarding children's education, self-development, leisure activities and health management in order to improve the quality of life for employees' families. In 2002, we opened the web-based cyber welfare center (b4u.kt.co.kr), which serves employees' and retirees' needs in their daily lives. Each year, the labor union and management discuss employee benefits and welfare issues in depth so that balanced benefits can be enjoyed in every aspect of an employee's life.

Family-friendly Program

A low fertility rate and childcare are now major issues confronting Korean society, and various programs are in place at KT to help address these problems. For example: daycare facilities are now in operation at worksites; maternity leaves are granted to female employees; and a special one-time payment is given when an employee gives birth. This family-friendly program aims to help boost employee morale by promoting a better balance in life on and off the job. These programs have improved employee loyalty and enhanced employees' ability to focus and perform at work.



Website dedicated to employee welfare and benefits

Occupational Safety & Health

KT has established a clear vision regarding the safety and health of all employees. To this end, each worksite devises and implements its own occupational safety & health (OSH) plan and takes proactive measures to ensure a safe and clean working environment. The Industrial Safety & Health Committee, consisting of representatives from both labor and management, has been formed (in accordance with Article 11 of the Control Regulations for the Occupational Safety and Health Act) to help the individual worksites to work closely with the HQ, in order to maximize the performance of OHS activities. Committee decisions cannot be in violation of the OSH Act, collective agreements, or in-house OHS regulations. In addition, KT complies with ILO Convention.

Safety-first Corporate Culture

KT conducts diverse activities to make safety an integral part of the corporate culture. For example, regular OHS training courses are provided online, and employees are continuously encouraged to learn about accident prevention and health promotion issues. "Safety message" alerts are texted to employees on the job in advance of inclement weather, including heavy rain, snow or fog. A theme event and group "hardhat-cleaning" are held on the fourth day (Safety Inspection Day) of every month, promoting safety and camaraderie at work as well as helping to instill the "safety-first" mindset. Rewards for receiving the company's "Accident-free Workplace" designation also help to lift morale and bolster activities to prevent industrial accidents.

Joint Labor-Management Activities to Prevent Accidents

Our commitment to fostering a safety-first corporate culture and eliminating accidents is ongoing. Special training is provided on industrial safety, and employees gain indirect experience through case studies in an effort to sharpen their awareness of how accidents happen. A company OHS conference every May includes lectures by specialists on topics such as accident investigation methods and health promotion.

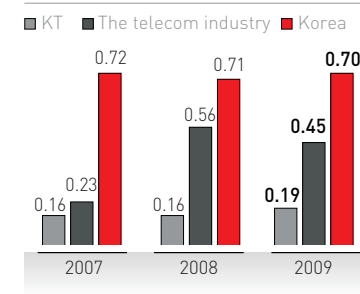
Commitment to Advanced OHS Practices

We work constantly to promote employee well-being and prevent industrial accidents or illnesses. To this end, employees learn OHS management techniques via online courses (2 hours every month, at least 20 hours annually for supervisors). An advanced industrial accident control system is also run to inform all of the people in charge of OSH management company-wide as soon as any accident is reported. This helps to raise their interest in accident prevention.

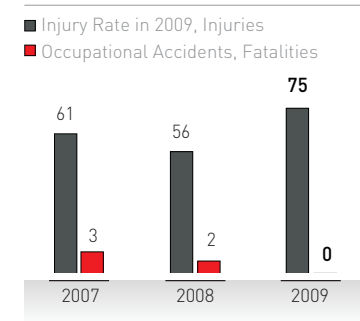
Employee Health Promotion

KT regularly provides employees with various kinds of information on health and nutrition in an effort to encourage healthier, happier lifestyles. All employees receive an annual physical examination for illnesses that were incurred on or off the job, and periodic e-mail messages are delivered to assist them in their personal health management. In addition, employees with seniority of 10 years or more are given a paid six-month sabbatical to recharge and refresh themselves. Lounge areas are provided on each floor of company offices, while dedicated physical trainers are assigned to company office buildings (including the Bundang Branch and the Mokdong Information Center).

Comparison of Industrial Accident Rates



Annual Accident Rate at KT



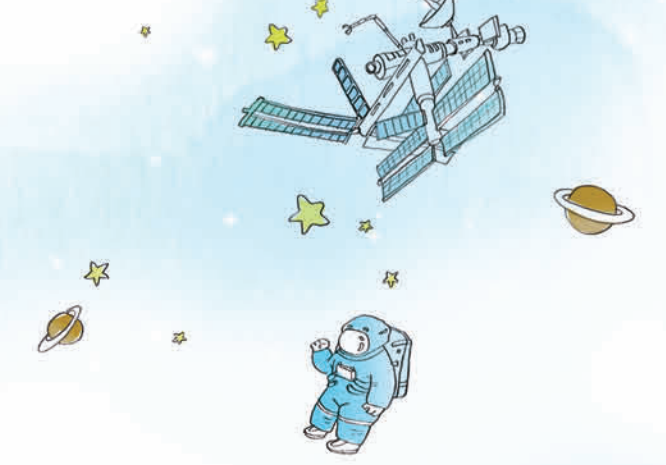
Dream with Society

Advancing Social Harmony with Sharing.

The more one shares, the greater the joy.

The slogan "KT Shares with Everyone" describes our public spirit.

Our business is to create a world where everyone can enjoy the benefits of information technology. IT is a core competency of KT, and KT is teaching people how to use it most effectively. Sites such as our olleh Square allow the public to experience the latest IT first-hand as well as enjoy cultural events. We understand that sharing is not a matter of cutting something in half but rather of multiplying it. As such we aim to grow along with society, by sharing with society.

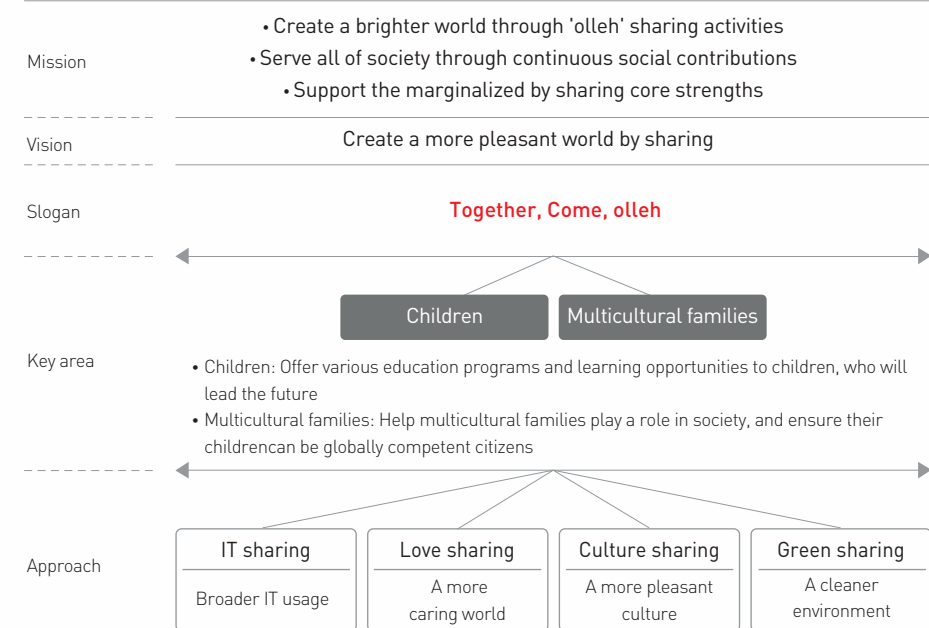


Social Contribution

Corporate social activities are a means to form a sound relationship between a company and society by sharing corporate resources with local communities, contributing to mutual growth and progress. KT has introduced diverse initiatives to address the problem of the digital divide and enhance quality of life in local communities. Our management directive calls for us to be a respected company under the slogan of "Together, Come, olleh."

KT is committed to achieving a win-win relationship with society by maximizing corporate profits and social benefits at the same time. To this end, our social activities were designed after analyzing our core competencies with respect to core values, vision and strategies, and the linkage between our corporate strategy and social contributions. Our corporate social activities pursuits are broadly classified into four areas of sharing activities: IT, Love, Culture, and Green. Going forward, we will continue to work hard to earn the respect of society.

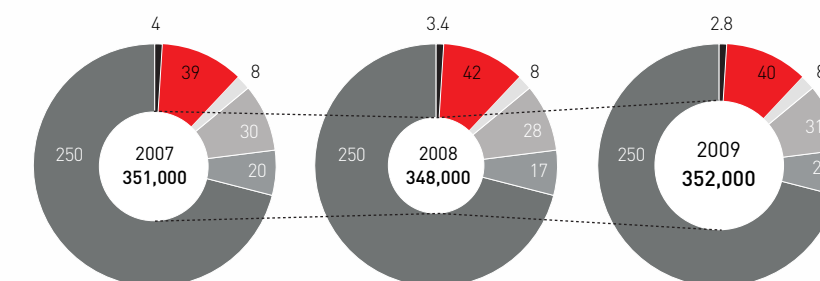
Missions and Direction



2009 Social Contribution Expense by Sector

(Unit: KRW 100,000 million)

- Matching grants
- Education/school/research
- Arts and sports
- Sponsorships
- Support for IT-related activities in local communities
- Cause marketing



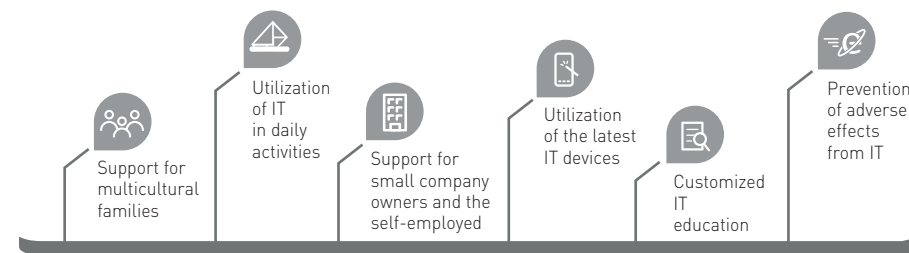
IT Sharing



IT Supporters activity

IT Supporters

Launched in 2007, KT's IT Supporters is a volunteer organization dedicated to enhancing people's ability to utilize the benefits of information technology. IT Supporters makes the Internet more accessible by providing education on how to use the Internet and IT devices to those who are technologically disadvantaged. They also answer questions from Internet users, and provide free classes to facilitate Internet use. As of 2010, more than 200 IT Supporters members are serving at 23 locations nationwide. The role of the organization has expanded to include support for multicultural families, small business owners, and self-employed persons, as well as to provide knowledge on the latest IT devices such as smart phones. IT Supporters activities present a new model of corporate social activities, in which a company not only gives financial support to charity but also donates its knowledge to society.



Support for multicultural families

- Provide computer & software teachers
- Teach Korean language & culture to assist in the naturalization process
- Help with online shopping, finding locations, and other daily activities utilizing PCs

Utilization of IT in daily activities

- Use online banking, shopping and reservations
- Issue government-generated documents
- Issue public key certificates
- Utilize e-mail and instant messengers

Support for small company owners and the self-employed

- Provide marketing instruments by building webpages and blogs
- Increase productivity through classes on software applications

Utilization of the latest IT devices

- Teach how to use smart phones
- Help with using social network services via smart phones
- Teach how to use tablet PCs

Customized IT education

- Teach how to use computers and printers
- Help with Internet searching
- Create UCC and digital photo albums
- Teach how to use word processors, Excel and Power Point
- Build webpages and blogs
- Provide tips on digital cameras, MP3 players and mobile phones

Prevention of adverse effects from IT

- Hold lectures on diagnosing and preventing Internet addiction
- Prevent cyber crimes and voice phishing, and protect personal data
- Block harmful sites, teach how to use PC usage time control program
- Provide IT education programs for both parents and children



· IT Supporters activity
· Cyber Ethics for You site CEFY(www.cefy.org)

Performance of IT Supporters

(Unit: Person)

Year	Total	"Digitally disadvantaged"	General public	Youth	Multicultural families	Companies/organizations
2007	151,302	71,259	35,467	30,210	7,164	7,202
2008	453,084	216,502	115,792	81,043	21,022	18,725
2009	515,286	202,371	185,747	80,688	25,991	20,489
Accumulated No.	1.12 mil	0.49 mil	0.34 mil	0.19 mil	54,000	46,000

*Period: Jan. - Dec., 2009, Jan. - Dec., 2008, Apr. - Dec., 2007

**"Digitally disadvantaged:" Disabled, low-income families, the elderly, people living in rural areas

Mitigate the Adverse Effects of IT

Widespread Internet use has given rise to various adverse effects, and KT has joined with the KT Cultural Foundation to address these issues. We carried out studies on the negative repercussions of the information society and conducted meta-analysis on cyber ethics. We also organized symposia, forums by experts and workshops on Internet ethics.

KT set up a website (www.cefy.org) called CEFY, which stands for "Cyber Ethics for You," and has held a competition for schoolteachers who submit their teaching plans and materials on cyber ethics. In addition, our employees are participating in the "Onnuri Volunteers," an organization dedicated to checking computer security vulnerabilities for those who are in the "digital divide," in cooperation with the Korea Communications Commission and Korea Information Security Agency.

Love Sharing



Newly hired employees perform community service at local children's center during the holiday season

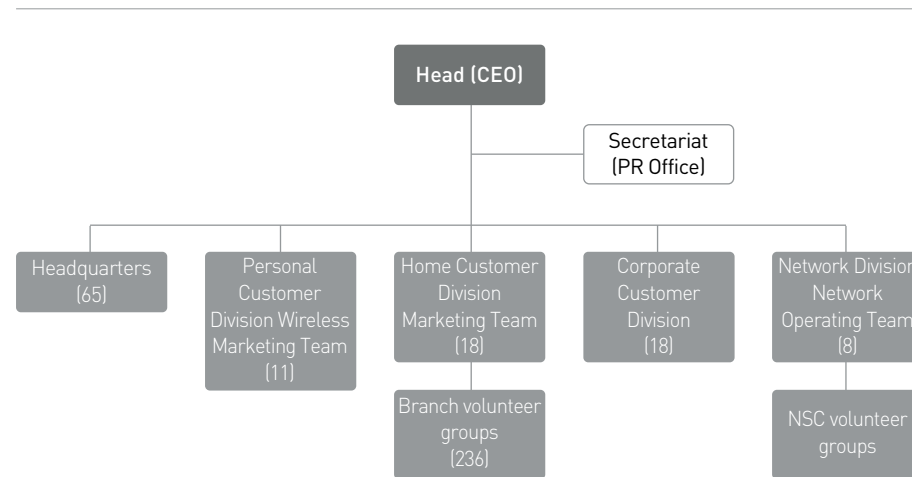
KT Volunteer Corps of Love

KT Volunteer Corps of Love was founded in March 2001 to promote greater efficiency by integrating KT employees' volunteer activities, which had been conducted individually, into a systematic, company-wide movement. As of 2010, the Corps consists of 395 teams with roughly 16,000 employees donating their time to various causes such as supporting the underprivileged, providing disaster relief assistance, and extending a helping hand to farming and fishing communities. We reorganized the Volunteer Corps to focus on providing support for children. Participants now spend their time and money to support local children's centers, children's education programs, and scholarships for gifted students.

Activities of KT Volunteer Corps of Love

	2007	2008	2009
Volunteer hours	224,211	255,219	89,621
No. of participants	35,589	39,878	15,723

Organizational Chart of
KT Volunteer Corps of Love
: 395 teams in total



"Love Sharing" Fund

To promote charitable activities, KT has run the Love Sharing Fund since 2003, led by the voluntary participation of employees. KT adopted the matching grant scheme to support employees' philanthropic activities, and 74 percent of our employees made donations through this foundation in 2009.

Volume of Donation Collected through Love Sharing Fund

	2007	2008	2009
Fund raised (Unit: KRW 1 million)	1,970	2,120	2,030
KT employees' participation rate (%)	74	79	74



· Support for multicultural families
· Ceremony to establish formal ties with a local children's center

Support for Local Children's Centers

Our volunteer teams are now focusing on support for children from disadvantaged families, and are involved in ongoing programs organized in cooperation with children's centers across the country. As part of this effort, volunteers around the country accompany the children once a month to various events related to the natural environment or to a cultural activity. Recently the KT Volunteer Corps of Love members have established multipurpose centers using idle space inside KT branches to serve children from the local children's center. In addition, KT is engaged in the "IPTV Study Room" project in association with the Korea Digital Media Industry Association and local governments. The project involves the donation of QOOK TV educational contents to facilities where low-income children can go after school.

Support for Hearing-impaired Children

We have helped children and teenagers from low-income families to restore their hearing since 2003. As of the end of 2009, KT has funded artificial cochlea implants and rehabilitation treatment to 119 children, while 161 more have been given digital hearing aids.

Establishing sister village relationship

KT has established "sisterhood" relationships with approximately 200 farming and fishing communities and maintains close ties with the local residents. KT employees volunteer their assistance during the busy planting and harvesting seasons, buy local produce, and provide IT instruction. Our exchanges with the members of these communities help us to learn their opinions and increase mutual understanding.

Disaster Recovery

When stricken by unexpected disasters, KT works hard to repair telecommunications facilities and restore services as quickly as possible. We also provide public phone services to the victims without charge, as well as telecommunication services at reduced or exempted rates in order to ease their hardship. In addition, KT Volunteers are dispatched to the scene to deliver relief supplies and donated funds as well as to help out with the recovery effort.

Culture Sharing

olleh Square

In June 2006, we converted the first-floor lobby of the Gwanghwamun Office in downtown Seoul into the KT Art Hall. The "Jazz and the City" concert series has been held regularly here since April 2007. Admission is only KRW 1,000, and all proceeds go to helping children from underprivileged families. The KT Art Hall was renovated in early 2010, and reopened as "olleh Square," which continues to provide the public with a place to relax and a venue for performance art. Of course, this is also a place where people can experience the latest IT products and services from KT.

The olleh Square is a multi-purpose facility that exemplifies KT's "thinking-outside-of-the-box" approach to management. People can visit a coffee shop inside, do some shopping, and attend a performance while trying out the latest IT devices on display. Free Wi-Fi connection is available everywhere on the 3,300m² premises, and visitors can use tables embedded with a laptop and touch-screen display to access the Internet, listen to music online, and play video games for free.



· olleh Square
· KT Chamber Hall

KT Chamber Hall

The KT Chamber Hall was opened inside the Mokdong IDC in Seoul in May 2009 as part of a remodeling project. As the name suggests, the venue is designed to stage chamber music performances. The Hall can accommodate an audience of 410, while parking is available for 600 vehicles. Prominent chamber music artists are invited to perform, and the recorded performance is broadcast on our QOOK TV classical music and concerts channels.

Customer Involvement Programs

KT introduced "Think Korea" fee plans (Goguryeo, Dokdo Island, and Loving Koreans) to support public interest campaigns. Under these plans, subscribers donate KRW 500 per month to the Think Korea Fund, which supports activities for protecting Korea's cultural heritage and raising public awareness on national history. In addition, customers can donate points from their SHOW rewards program accounts, which are converted into money at a preset rate and used to fund IT classes for underprivileged people as well as to support cultural events.

Moreover, customers who want to contribute to youth scholarship programs can add a small amount to their mobile telephone bill. The fund targets artistically- or athletically-gifted students from low-income families.

Green Sharing

Preservation Activities near the Dong River

We have been engaged in activities to protect the Dong River, which boasts breathtaking scenery. As part of this effort, we sponsored a project to build a traditional Korean house near the river in Jejang Village, Jeongseon-gun, Gangwon Province. We began to raise funds in 2003 to purchase a 17,190m² site for the house. Employee volunteers completed the house, dubbed "Dong River Love" in August 2005. The house has become a symbol of the river preservation drive and is used to teach teens about the importance of protecting the environment.



Campaign to preserve an endangered flower on Ganghwa Island

Protecting Ranunculus Kazusensis Makino Colonies in Ganghwa Island

Since 2003, KT has been leading the movement to protect colonies of ranunculus kazusensis makino, an herbaceous water plant belonging to the buttercup family. This species grows only in Ganghwa Island and has become threatened with extinction due to habitat loss. The National Trust of Korea designated this wild plant as the country's first Citizen's Natural Heritage. We created mountain paths near the colonies to prevent their being damaged, and we sponsor trips to view the flowers in bloom every May.

Meanwhile, since 2009 KT has been supporting local residents' efforts to prevent damage to the olleh hiking trails on Jeju Island and to promote them as a tourist attraction.

Financial Performance in 2009

KT Membership in Domestic & Overseas Organizations

Korea

Korea Internet Corporations Association, Federation of Korea Information Industries, Korea Digital Media Industry Association, Institute of Electronics Engineers of Korea, U-Korea Forum, Korea Listed Company Association, Korean Society for Journalism & Communication Studies, Korean Association for Broadcasting & Telecommunication Studies, Federation of Korean Industries, Korea Chamber of Commerce & Industry, Korea IT Leaders Forum, Korea Association of Information and Telecommunication, Korea Fair Competition Federation, Korea Employers Federation, Council of Korea Employers' Organizations, Korea Industrial Safety Association, Network Security Forum, Korea Home Network Industries Association, Korea Institute of Information Security & Cryptology, Korea Advanced Intelligent Robot Association

Overseas

WFA(Wireless Fidelity Alliance), FMCA(Fixed-Mobile Convergence Alliance), OMA(Open Mobile Alliance), WiMAX Forum, VoiceXML Forum, DSL Forum, WBA(Wireless Broadband Alliance), TMF(Telecommunication Management Forum), APT(Asia Pacific Telecommunity), ITU(International Telecommunication Union)

Key Financial Ratios

		2007	2008	2009
Stability	Current ratio	110.7%	146.1%	113.9%
	Debt-to-equity ratio	102.2%	111.6%	134.1%
	Dependence on borrowings ratio	28.7%	33.7%	76.7%
	Interest coverage relative to operating income	4.6	3.4	1.4
Profitability	Operating income margin	12%	9.4%	3.8%
	Net income margin	8.2%	3.8%	3.3%
	Return on assets (ROA)	5.3%	2.4%	2.8%
	Return on equity (ROE)	11.3%	5.1%	5.4%
Growth and Turnover	Operating cash flow to total assets	16.7%	7.8%	7.8%
	Operating revenue growth rate	0.7%	-1.3%	35%
	Operating income growth rate	-18.4%	-22.3%	-45.1%
	Net income growth rate	-20.4%	-54.2%	14.8%
	Total assets growth rate	-0.3%	4.3%	30.3%

Summary Balance Sheet

		2007	2008	2009
Assets	Current assets	3,310.4	3,778.1	6,474.5
	Non-current assets	14,606.8	14,906.8	17,867.9
	Total assets	17,917.2	18,684.9	24,342.4
Liabilities	Current liabilities	2,991.4	2,585.9	5,864.2
	Non-current liabilities	6,065.9	7,267.2	8,259.9
	Total liabilities	9,057.3	9,853.1	13,944.2
Stockholders' Equity	Capital stock	1,561	1,561	1,564.5
	Capital surplus	1,440.8	1,440.6	1,448.6
	Capital adjustment	3,984	3,994.7	2,615.7
	Accumulated other comprehensive income	0.8	10.8	-44.5
	Retained earnings	9,842.9	9,814.1	9,595.5
	Total stockholders' equity	8,859.9	8,831.8	10,398.2
	Total liabilities and stockholders' equity	17,917.2	18,684.9	24,342.5

(Unit: KRW billion)

Summary Income Statement

	2007	2008	2009
Operating revenue	11,936.4	11,784.8	15,906.1
Operating expenses	10,502.7	10,671.4	15,294.6
Operating income	1,433.7	1,113.4	611.5
Non-operating income	415.6	855.3	884.3
Non-operating expenses	574.6	1,408.7	939.7
Income before income taxes	1,274.7	560	556.2
Income tax expenses	292.7	110.2	39.6
Net income	982	449.8	516.5

(Unit: KRW billion)

Third-Party Review Statement



The 2010 KT Sustainability Report is the second issue following the KT-KTF merger in 2009. KT's management recognition of the business importance of managing the "non-financial" areas of the business, with sustainability foremost among them, lead to establishing sustainability management policies and reorganization of the management structure in order to emphasize the sustainability of the company as a whole following the merger. The 2010 Report satisfies the general standards on the task of addressing sustainability challenges. The contents relating to company-wide summaries, policies and control systems have been reported fairly extensively, facilitating reader comprehension of where KT is coming from and where it aims to develop further in the future. In certain cases, the merger with KTF restricted the reporting of consolidated figures and performance data for past years, but with a newly established corporate-wide sustainability performance management system, data going forward is expected to be tracked and reported in detail and with precision.

This Report summarizes policies and establishing guidelines for sustainability management in support of overseas interests and operations. It is hoped that the company will remain in step with the growing number of projects and strategic investments outside Korea, improving the reporting of sustainability management issues and activities in KT operations globally. In addition, KT is expected to report more concrete results of internal research to answer questions on future risks and challenges that affect corporate sustainability. One particular issue is the impact of electromagnetic radiation associated with wireless communication technology, which has attracted interest by consumer groups around the world. We have no doubt that the management at KT understands that open communication on such issues is desirable for all parties.

KT's efforts to advance sustainability management have been publically recognized by different agencies. The company was included in the DJSI World 2010/11, the most respected benchmark for corporate sustainability management assessments globally. However, internal and external performance results on sustainability management are not an end in themselves but rather mark a new beginning for KT. The sustainable approach to management is the right approach to long-term corporate development, advancement and sustained growth. It is advisable that KT establishes a detailed roadmap for long-term corporate sustainability, with mid- and long-term targets set for all issues pertaining to sustainability management. Such targets - both qualitative and quantitative - are helpful for stakeholders, both internal and external, to grasp the company's potential for long-term sustainability and growth. We strongly believe that the advancement of a green IT industry paired with integrated sustainability management as a core corporate strategy is the right way for KT and its customers to enjoy a prosperous future.

CEO, SolAbility Sustainability Advice Andy Gebhardt

GRI G3 Index

Indicators	Index	Page	Indicators	Index	Page	Indicators	Index	Page
Strategy and Analysis			Management Approach and Performance Index			Labor Practices and Decent Work		
	1.1	4-12	Economic				LA1	51-52
	1.2	6-7,15,33		EC1	9, 19, 20	Compliance	LA2	51-52
Organizational Profile				EC2	42, 43		LA3	58
	2.1	8-9	Economic Performance	EC3	2007 CSR	Labor/ Management Relations	LA4	53
	2.2	8		EC4	46		LA5	53
	2.3	9		EC5	20		LA6	59
	2.4	9	Market Presence	EC6	24	Occupational Health and Safety	LA7	59
	2.5	9		EC7	51		LA8	-
	2.6	13, 20	Indirect	EC8	60-67		LA9	59
	2.7	8-9	Economic Impacts	EC9	22-23	Training and Education	LA10	57
	2.8	8-9	Environmental				LA11	52, 55
	2.9	8	Materials	EN1	44		LA12	58
	2.10	8		EN2	49	Diversity and Equal Opportunity	LA13	52-53
Report Parameters				EN3	44	Human Rights	LA14	51-52
	3.1	1		EN4	44			
	3.2	1	Energy	EN5	44-45		HR1	-
	3.3	1		EN6	44-45		Non-Discrimination	HR2
	3.4	70		EN7	44-45		HR3	14
	3.5	17		EN8	48		HR4	14
	3.6	1	Water	EN9	48	Freedom of Association and Collective Bargaining	HR5	53
	3.7	1		EN10	48	Child Labor	HR6	-
	3.8	9		EN11	-	Forced and Compulsory Labor	HR7	52
	3.9	1		EN12	-	Security Practices	HR8	30-3
	3.10	1	Bio Diversity	EN13	67	Indigenous Rights	HR9	-
	3.11	1		EN14	67	Society		
	3.12	70		EN15	-	Community	S01	61
	3.13	1, 69		EN16	44		S02	35, 39
Governance, Commitments, and Engagement			EN17	44	Corruption	S03	39	
	4.1	12, 13	Emissions, Effluents, and Waste	EN18	44-47	Public Policy	S04	14
	4.2	13		EN19	2008 CSR		S05	-
	4.3	13		EN20	2008 CSR	Anti-Competitive Behavior	S06	-
	4.4	17		EN21	48	Compliance	S07	39
	4.5	13		EN22	49		S08	-
	4.6	13		EN23	49	Product Responsibility Performance		
	4.7	13		EN24	-	Customer Health & Safety	PR1	31
	4.8	12, 14		EN25	48		PR2	31
	4.9	12, 15	Product	EN26	42-43, 47	Product & Service Labeling	PR3	29
	4.10	12, 15		EN27	49		PR4	31
	4.11	15	Compliance	EN28	42	Marketing	PR5	31
	4.12	12	Transport	EN29	-	Communication	PR6	25
	4.13	68	Overall	EN30	-	Customer	PR7	31
	4.14	17				Protection	PR8	30-31
	4.15	17					PR9	31
	4.16	17						
	4.17	18, 26, 34, 40, 50, 61						



Additional Information

Additional information is available at KT's homepage and other related websites. If you want to view or download this report and need more information on our CSR activities, please visit our website(<http://csr.kt.com/eng>) and contact us at the following.

Websites

KT homepage (<http://csr.kt.com/eng>)
 Financial Supervisory Service's electronic disclosure system (<http://dart.fss.or.kr>)
 US Securities and Exchange Commission website (<http://www.sec.gov>)

Contact Information

Public Relations Department, Public Relations Office 100 Sejong-ro, Jongno-gu, Seoul 110-777, Korea
 TEL: 02-730-0354 FAX: 02-730-0308 e-mail: homepage@kt.com

Reader Survey

Satisfaction Survey on the 2010 KT Sustainability Report

KT wants to hear your feedback on the 2010 KT Sustainability Report in order to make improvements. Your valued opinions will be used to enhance our sustainability management effort and create subsequent reports. Respondents will be given a token gift, and we would like to thank you for your interest in this Report.

1. Please rate the overall satisfaction of this Report.

- Very satisfied Satisfied Not sure Dissatisfied Very dissatisfied

2. Please evaluate this Report in the following terms:

- It covers major issues relating to KT. Very satisfied Satisfied Not sure Dissatisfied Very dissatisfied
- It provides sufficient useful information. Very satisfied Satisfied Not sure Dissatisfied Very dissatisfied
- Contents are trustworthy. Very satisfied Satisfied Not sure Dissatisfied Very dissatisfied
- It is easily understandable. Very satisfied Satisfied Not sure Dissatisfied Very dissatisfied
- Its design helps to understand the content. Very satisfied Satisfied Not sure Dissatisfied Very dissatisfied

3. Please indicate the area(s) that concern(s) you most among the following:

- Overall management of KT Performance data Corporate governance Risk management Ethical management
- Brand management Customer relations Customer protection Youth protection Growing together with suppliers
- Environmental management Green IT Employees Social contributions

4. Please note the most satisfying part and the most dissatisfying in this Report.

The most satisfying part

The most dissatisfying part

5. Please note your opinions on KT's overall sustainability management activities or aspects of this Report that needed to be improved.

6. What group(s) do you belong to among the following?

- Shareholders and investors Customers Suppliers Civic organizations Government institutions
- Media Academia Employees Others ()