

SK Telecom and Magnolia Broadband Sign a Broad Strategic Alliance Agreement

Leading Mobile Operator and Magnolia sign agreement to deploy Magnolia's DiversityPlus™ Antenna Diversity technology and establish Strategic Relationship

SEOUL, KOREA and CLINTON, N.J. – (October 19, 2004) – SK Telecom (NYSE: SKM), Korea's leading wireless telecommunications services provider and Magnolia Broadband, Inc., a fab-less semiconductor company and innovator of antenna diversity radio frequency (RF) solutions for the wireless industry, jointly announced today that they have signed a Strategic Alliance Agreement, following on the heels of the Memorandum of Understanding between the two companies in 2003. The agreement makes the first major market of Magnolia's DiversityPlus™ handset chipset solution and once again testifies to the wireless industry the leadership role that SK Telecom has established in deploying innovative technologies.

After an extensive and exhaustive testing over the last two years by SK Telecom, Magnolia's DiversityPlus™ solution was proven to significantly improve the wireless connection in one of the most challenging commercial networks, the greater Seoul, Korea area. To meet SK Telecom's growing needs of voice and data capacity, DiversityPlus™ will enable SK Telecom to improve service to its customers. Especially in buildings and high wireless traffic areas without the need to add base stations or other changes to the network.

"As we expand our data applications, we have identified the need to improve our data capacity and coverage to continue to offer the best quality of service to our customers," said Dr. Myung Sung Lee, Chief Technology Officer and Executive Vice President of SK Telecom. "Magnolia's DiversityPlus™ solution fulfills our needs technically and economically, and we look forward to a broad introduction in 2005."

DiversityPlus™ is a family of RF chipset products designed around Magnolia's unique algorithms for CDMA mobile terminals. By combining transmit and receive RF signals from two antennae in a unique way, the wireless operators can double their network capacity and significantly improve coverage and data rates to the individual subscriber.

"SK Telecom is the leader in offering the most novel wireless services," said Haim Harel, CEO of Magnolia. "As we have been engaged over the last two years with them, we have seen the expansion and the eventual needs of leading operators. This agreement validates our vision and expectation that other carriers will require Magnolia's products in the near future. We are very grateful for SK Telecom's significant endorsement."

Along with specific execution plan of introducing commercial handset with DiversityPlus™ chipset in the second half of 2005, the agreement also includes joint marketing of DiversityPlus™ products in the Asia region, as well as the possible joint development of products for WCDMA and other wireless applications. Along with its cdma2000 and WCDMA products, Magnolia is planning to develop similar products for WiMax, WiFi and EDGE.

About SK Telecom

Established in 1984 as Korea Mobile Telecommunications Service Co. and renamed in 1997, SK Telecom Co., Ltd. is Korea's leading information and communications company and a rapidly emerging player in the global telecom industry. SK Telecom merged with Shinsaegi Telecom in January 2002 and the subscriber base is now more than 18 million. In January 1996, the company launched the world's first commercial CDMA cellular phone service in Korea. In October 2000, SK Telecom introduced the world's first cdma2000 commercial service in Korea and has expanded that service to 81 major cities as of August 2001. Already this service is able to provide 153.6 Kbps high-speed data service and support various multimedia contents. In June 2001, SK Telecom began the world's first commercial service that offers motion pictures through a wireless handset without the need for peripheral devices, taking its cdma2000 1x network to a new level of usage. In January 2002, SK Telecom opened up a new year of mobile communication by providing the world's first synchronized commercial IMT-2000 (cdma2000 1xEVDO) Service in Incheon City on January 28, 2002.

About Magnolia Broadband

Magnolia is an innovative developer of semiconductors for the wireless industry and the first company to provide diversity antenna technology using unique RF chipset products that incorporate both transmit and receive diversity. By using a unique RF (Radio Frequency) chipset product and algorithm, it incorporates a novel way of combing RF signals from two antennae for both transmit and receive signals in the mobile terminal, enabling carriers to serve twice as many subscribers within the same wireless infrastructure while boosting phone coverage, data rates and battery performance. Carriers and consumers also benefit from more reliable connections, improved quality of service while having small impact on cost.



Leading CDMA carriers and mobile terminal manufacturers have tested Magnolia's technology. Since its inception in 2001, Magnolia has raised \$28.5 million in capital from notable investors like Draper Fisher Jurvetson Gotham, ECentury Capital Partners, SCP Private Equity Partners, Selway Partners and Silverstar Holdings. Magnolia has filed numerous patents related to its core technology and partnered with semiconductor industry notables such as Jazz Semiconductor, and Amkor Technology. For more information, go to www.magnoliabroadband.com.

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