

SK TELECOM CO LTD  
Form 6-K  
December 22, 2008

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**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**Form 6-K  
REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE MONTH OF DECEMBER 2008**

**SK Telecom Co., Ltd.**

*(Translation of registrant's name into English)*

11, Euljiro2-ga, Jung-gu

Seoul 100-999, Korea

*(Address of principal executive offices)*

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

*Note:* Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

*Note:* Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes  No

If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b):  
82-\_\_\_\_\_

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BUSINESS REPORT

(From January 1, 2008 to September 30, 2008)

THIS IS A SUMMARY OF THE QUARTERLY REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SERVICES COMMISSION. IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS. UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A NON-CONSOLIDATED BASIS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN KOREA, OR KOREAN GAAP, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

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**I. OVERVIEW**

**1. Purpose of SK Telecom Co., Ltd. (the Company )**

**Business Objectives**

1. Information and communication business
2. Handset sales and lease business
3. New media business
4. Advertisement business
5. Communication sales business
6. Personal property and real property lease business
7. Research and technology development related to Clause 1 through 4
8. Overseas business and trading business related to Clause 1 through 4
9. Manufacturing and distribution business related to Clause 1 through 4
10. Tourism
11. Electronic financial business
12. Motion picture business (production, importation, distribution, screening)
13. Any business or undertaking incidental or conducive to the attainment of the objects above

**2. Company History**

**A. Changes Since Incorporation**

(1) Date of Incorporation

March 29, 1984 (date of shareholders meeting for the incorporation): Incorporated as Korea Mobile Communications Service Co., Ltd.

(Authorized capital: Won 500 million / Paid-in capital: Won 250 million)

(2) Location of Headquarters

22 Dohwa-dong, Mapo-gu, Seoul (July 11, 1988)

16-49 Hangang-ro 3-ga, Yongsan-gu, Seoul (November 19, 1991)

267 Namdaemun-ro 5-ga, Jung-gu, Seoul (June 14, 1995)

99 Seorin-dong, Jongro-gu, Seoul (December 20, 1999)

11, Euljiro 2-ga, Jung-gu, Seoul (December 13, 2004)

**B. Mergers**

(1) Target: Shinsegi Communication Co., Ltd.

Date: January 13, 2002

Registration: January 16, 2002

(2) Target: SK IMT Co., Ltd.

Date: May 1, 2003

Registration: May 7, 2003

C. Significant Recent Business Events

(1) Retirement of treasury stock

In accordance with the resolution of board of directors dated October 23, 2008, the Board resolved to acquire 448,000 shares of treasury stock in the market for the period from October 27, 2008 to January 26, 2009, in order to retire the Company's retained earnings.

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## (2) Issuance of unguaranteed bonds

In accordance with the resolution of board of directors dated September 25, 2008, the Company issued unguaranteed bonds with face amount of ₩50 billion and ₩250 billion, respectively, for ₩298.7 billion. The bonds bear an annual rate of 6.77% and 6.92%, respectively, and will be repaid in full at their maturities, October 28, 2010 and October 28, 2013, respectively.

**3. Information Regarding Shares**

## A. Total number of shares

(As of September 30, 2008)

Classification	Share type		Remarks
	Common shares	Total	
<b>I. Total number of issuable shares</b>	220,000,000	220,000,000	
<b>II. Total number of shares issued to date</b>	89,278,946	89,278,946	
<b>III. Total number of shares retired to date</b>	8,085,235	8,085,235	
<b>1. Capital reduction</b>			
<b>2. Share cancellation</b>	8,085,235	8,085,235	
<b>3. Redeemed shares</b>			
<b>4. Others</b>			
<b>IV. Total number of shares (II-III)</b>	81,193,711	81,193,711	
<b>V. Number of treasury shares</b>	8,400,708	8,400,708	
<b>VI. Number of shares outstanding (IV-V)</b>	72,793,003	72,793,003	

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## B. Capital Stock and Price per Share

		Capital (total face value)			Price per share		(Unit: Won, shares)
		Capital amount in	Total		Par value per share	Capital/ Total number of issued shares (a / IV of A.)	Capital/ Number of distributed shares (a / VI of A.)
Classification	Type	financial statements (a)	number of issued shares (IV of A×b)	Total amount of distributed shares (VI of A×b )	(b)		
Registered	Common shares	44,639,473,000	40,596,855,500	36,396,501,500	500	549.8	613.2
<b>Total</b>		44,639,473,000	40,596,855,500	36,396,501,500	500	549.8	613.2

## C. Acquisition and Disposition of Treasury Shares

## (1) Status of Acquisition and Disposition of Treasury Shares

Acquisition method	Type of share	Amount at the beginning of period	Acquisition (+)	Disposition (-)	Retirement (-)	Amount at the end of period
Direct acquisition pursuant to Article 189-2 (1) of the relevant Act	Common share	4,644,354		208,326	4,436,028	
Direct acquisition based on causes other than those stipulated in Article 189-2 (1) of the relevant Act	Preferred share					
	Common share	77,970			77,970	
	Preferred share					
<b>Sub-total</b>	Common share	4,722,324		208,326	4,513,998	
	Preferred share					
Indirect acquisition through trust and other agreements	Common share	3,886,710			3,886,710	
	Preferred share					
<b>Total</b>	Common share	8,609,034		208,326	8,400,708	
	Preferred share					

Notes:



\* Of the  
4,513,998  
shares of  
treasury shares  
directly  
acquired based  
on causes other  
than those  
provided in  
Article 189-2  
(1) of the  
relevant Act,  
1,324,744  
shares were  
deposited with  
the Korea  
Securities  
Depository as of  
September 30,  
2008 for any  
exchange of the  
Company's  
overseas  
exchangeable  
bonds.

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## D. Employee Stock Ownership Program

## (1) Transactions with the Employee Stock Ownership Program

The Company lent funds to the Employee Stock Ownership Program to finance purchases of the Company's stock by employees, and the Employee Stock Ownership Program re-lent the amount to the Company's employees in accordance with its internal allotment standards.

(Unit: in thousands of Won)

Classification	Loan Date	Amount	Repayment Condition	Remarks
5th	1999.08.23	118,577,755	8-year installment repayment plan following a three-year grace period	
8th(1)	2007.12.23	31,017,044	5-year installment repayment plan following a two-year grace period	
8th(2)	2008.01.23	29,676,039	5-year installment repayment plan following a two-year grace period	

The loan is deducted from wages for each individual to repay the Employee Stock Ownership Program, and is subsequently repaid to the company.

(As of September 30, 2008)

(Unit: in thousands of Won)

Classification	Initial Loan	Repayment Amount	Accumulated Repayment Amount	Balance
5th	118,577,754	1,404,298	116,179,808	2,397,947
8th(1)	31,017,043	1,451,021	1,451,021	59,242,062
8th(2)	29,676,039			
<b>Total</b>	<b>179,270,838</b>	<b>2,855,319</b>	<b>117,630,829</b>	<b>61,640,009</b>

## (2) Voting Rights of the Employee Stock Ownership Program

During a designated period, to be 7 days or longer, each individual member of the Program may exercise his voting rights by expressing his intention on the shareholders' meeting agenda through a written power of attorney to a designated proxy.

## (3) Shareholdings of the Employee Stock Ownership Program

As the relevant law requires an immediate transfer of the shares directly purchased by the employees to the account of the individual purchasers, the Company transfers and holds the employees' stock in separate individual accounts within the program once the number of shares for each individual member is determined.

(Unit: shares)

Classification	Account classification	Types of share	Balance at the beginning of period	Balance at the end of period
----------------	------------------------	----------------	------------------------------------	------------------------------

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5th	Member Account	Common share	139,338	126,813
8th(1)			171,871	371,156
8th(2)			208,326	
	Total		519,535	497,969

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**Table of Contents****4. Status of Voting Rights**

(As of September 30, 2008)

(Unit: shares)

Classification		Number of shares	Remarks
<b>Total outstanding shares (A)</b>	Common share	81,193,711	
	Preferred share		
<b>Number of shares without voting rights (B)</b>	Common share	8,400,708	Treasury shares
	Preferred share		
<b>Shares with restricted voting rights under the Stock Exchange Act and other laws (C)</b>	Common share		
<b>Shares with reestablished voting rights (D)</b>			
<b>The number of shares with exercisable voting rights (E = A - B - C + D)</b>	Common share	72,793,003	
	Preferred share		

**5. Dividends and Others**

(Unit: in millions of Won except per share value)

Classification	As of and for the six months ended September 30, 2008	As of and for the year ended December 31, 2007	As of and for the year ended December 31, 2006
<b>Par value per share</b>	500	500	500
<b>Current net income</b>	1,014,535	1,642,451	1,446,598
<b>Net income per share</b>	13,940	22,607	19,734
<b>Income available for distribution as dividend</b>		1,603,828	1,574,716
<b>Total cash dividend</b>	72,793	682,379	582,386
<b>Total stock dividend</b>			
<b>Percentage of cash dividend to available income (%)</b>		41.6	40.3
<b>Cash dividend yield ratio (%)</b>	<b>Common share</b>	3.8	3.6
	<b>Preferred share</b>		
<b>Stock dividend yield ratio (%)</b>	<b>Common share</b>		
	<b>Preferred share</b>		
<b>Cash dividend per share</b>	<b>Common share</b>	1,000 6	9,400 8,000

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(Unit: in millions of Won except per share value)

Classification		As of and for	As of and for the	As of and for the
		the	year ended	year ended
		six months	December 31,	December 31,
		ended	2007	2006
		September 30,		
		2008		
Stock dividend per share	Preferred share			
	Common share			
	Preferred share			

**II. BUSINESS****1. Business Summary****A. Industry Status****(1) Characteristics of the Industry**

As of September 30, 2008, the number of domestic mobile phone subscribers reached approximately 45.3 million and with a 93.2% penetration rate, and the Korean mobile communication market can be considered to have reached its maturation stage. However, considering the number of European countries with penetration rates exceeding 90%, additional future growth of the domestic market may be possible.

The Korean mobile communications market continues to improve with the help of advances in network-related technology evidenced by the world's first commercialization of CDMA2000 1x, CDMA 1x EV-DO, and the development of highly advanced handsets that enables the provision of convergence services for multimedia contents, mobile commerce, telematics, satellite DMB, digital home services and other related contents.

**(2) Industry Growth**

Classification		As of	(Unit: 1,000 persons)			
		September 30,	2007	As of December 31,	2005	2004
		2008		2006		
Penetration rate (%)		93.2	89.8	83.2	79.4	75.9
Number of subscribers	SK Telecom	22,876	21,968	20,271	19,530	18,783
	Others (KTF, LGT)	22,399	21,530	19,926	18,812	17,803
	Total	45,275	43,498	40,197	38,342	36,586

(Data: Ministry of Information and Communication website)

**(3) Market Characteristics**

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Korea's mobile communication market penetration continues to grow, reflecting increased usage of mobile communications services by elementary school and pre-school children. Although demand has primarily been in the domestic market, as the business territory expands to overseas market, the size of overseas sales is expected to grow in the near future. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

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## B. Company Status

## (1) Market Share

\* Historical market share of the Company

Classification	As of September 30,		
	2008	2007	2006
Mobile phone	50.5	50.5	50.4

(Unit: %)

\* Comparative market share

Classification	As of September 30, 2008		
	SK Telecom	KTF	LG Telecom
Market share	50.5	31.5	17.9

(Unit: %)

(Data: Ministry of Information and Communication website)

(2) New Business Contents and Prospects

N/A

**2. Major Products**

A. Status of Major Products as of September 30, 2008

Business field	Sales type	Item	Major trademarks	(Unit: in millions of Won, %)	
				Sales amount (ratio)	
Information and communication	Services	Mobile phone	June, NATE and others	7,922,171	(91.4%)
		Others	Others	745,673	(8.6%)

B. Price Trend of Major Products

Item	As of September 30,			
	2008	2007	2006	
Mobile phone	Basic fee (per month)	13,000	13,000	13,000
(Based on standard call charge)	Service fee (per 10 seconds)	20	20	20

(Unit: Won)

**Table of Contents****3. Investment Status**

## A. Investments in Progress

(Unit: in 100 millions of Won)

Business field	Classification	Investment period	Subject of investment	Investment effect	Total investments	Amount	
						already invested*	Future investment
Network/Common	Upgrade/New installation	2008	Network, systems and others	Capacity increase and quality improvement; systems improvement	19,700	10,266	9,434

## B. Future Investment Plan

(Unit: in 100 millions of Won)

Business field	Asset type	Expected investment amount*	Expected investment for each year		Investment effect
			2008	2009	
Network/Common	Network, systems and others	19,700	19,700	N/A	Upgrades to the existing services and provision of new services
<b>Total</b>		19,700	19,700	N/A	

\* The expected investment amount of Won 1,970.0 billion is the planned investment amount for 2008.

**4. Derivative Products and Others**

## A. Derivatives Contracts

## (1) FX Swap

- a) Purpose of Contracts: Currency Exchange or Interest Rate Risk Hedging
- b) Contract Terms

Income/loss on valuation on the following currency swaps were calculated using cash flow hedge accounting:

(As of September 30, 2008)

Due	Income/loss on
-----	----------------

(Unit: in millions of Won)

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<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>date</b>	<b>Proceeds payment method</b>	<b>valuation</b>
US\$125 million	Citibank	March 23, 2004	April 1, 2011	Exchange on the date immediately preceding the principal and interest payment date	(1,382)
US\$125 million	Credit Suisse	March 23, 2004	April 1, 2011	Same as above	(2,204)
US\$50 million	BNP Paribas	March 23, 2004	April 1, 2011	Same as above	392

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(Unit: in millions of Won)

(As of September 30, 2008)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Due date</b>	<b>Proceeds payment method</b>	<b>Income/loss on valuation</b>
US\$100 million	Calyon	October 10, 2006	October 10, 2013	Exchange on the date of the principal and interest payment date	22,934
JPY 9,100 million	SMBC	November 13, 2007	November 13, 2012	Same as above	33,583
JPY 3,400 million	HSBC	November 13, 2007	November 13, 2012	Same as above	10,884

Income/loss on valuation on the following currency swap was calculated using fair value hedge accounting:

(Unit: in millions of Won)

(As of September 30, 2008)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Due date</b>	<b>Proceeds payment method</b>	<b>Income/loss on valuation</b>
HKD 10,941 million	8 Banks including Hana Bank	September 3, 2007	September 16, 2008	Payment of HK Dollars and receipt of Korean Won on September 16, 2008	(109,934)

Income/loss on valuation on the following currency swaps were calculated using sales accounting:

(Unit: in millions of Won)

(As of September 30, 2008)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Due date</b>	<b>Proceeds payment method</b>	<b>Income on valuation</b>
US\$100 million	Credit Suisse	May 27, 2004	May 27, 2009	Exchange before principal payment date	1,788
US\$150 million	Morgan Stanley	July 20, 2007	July 20, 2017	Same as above	52,980
US\$150 million	Merrill Lynch	July 20, 2007	July 20, 2017	Same as above	51,302
US\$100 million	Barclays Capitals	July 20, 2007	July 20, 2017	Same as above	34,333

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- (2) Interest Rate Swap
- a) Purpose of Contracts: Interest Rate Risk Hedging
- b) Contract Terms

Income/loss on valuation on the following interest rate swap was calculated using cash flow hedge accounting:

(As of June 30, 2008)

(Unit: in millions of Won)

<b>Contract amount</b>	<b>Contract party</b>	<b>Contract date</b>	<b>Due date</b>	<b>Proceeds payment method</b>	<b>Income/loss on valuation</b>
200 Billion Won	Shinhan Bank	June 28, 2006	June 29, 2010	Fixing of interest payment date / exchange of floating interest rate	3,104
100 Billion Won	NH Bank	July 30, 2008	July 30, 2011	Same as above	(613)
50 Billion Won	NH Bank	Aug. 13, 2008	Aug. 12, 2011	Same as above	(127)
150 Billion Won	Hana Bank	July 31, 2008	July 31, 2011	Same as above	(537)
100 Billion Won	KD Bank	July 28, 2008	July 28, 2011	Same as above	(108)
100 Billion Won	KD Bank	July 29, 2008	July 29, 2011	Same as above	(324)

**5. R&D Investments**

(Unit: in thousands of Won)

<b>Category</b>	<b>For the nine months ended September 30, 2008</b>	<b>For the year ended December 31, 2007</b>	<b>For the year ended December 31, 2006</b>	<b>Remarks</b>
<b>Raw material</b>	55,183	96,217	184,969	
<b>Labor</b>	28,182,648	39,388,760	33,986,701	
<b>Depreciation</b>	97,640,417	129,208,262	134,461,257	
<b>Commissioned service</b>	63,490,626	90,363,645	83,751,223	
<b>Others</b>	22,822,265	37,609,969	35,680,197	
<b>Total R&amp;D costs</b>	212,191,139	296,666,853	288,064,347	

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		(Unit: in thousands of Won)			
	Category	For the nine months ended September 30, 2008	For the year ended December 31, 2007	For the year ended December 31, 2006	Remarks
Accounting	Sales and administrative expenses	209,130,110	288,519,863	277,807,352	
	Development expenses (Intangible assets)	3,061,029	8,146,990	10,256,995	
	<b>R&amp;D cost / sales amount ratio (Total R&amp;D costs / Current sales amount×100)</b>	2.455 12	2.63%	2.70%	

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**Table of Contents****6. Other Matters**

## A. External Fund Procurement Summary

\* Domestic procurement

(Unit: in millions of Won)

Source of procurement	Beginning balance	New procurement	Reduction from payment	Ending balance	Remarks
Bank	200,000			200,000	
Insurance company					
Merchant banking					
Loan specialty financial company					
Mutual savings bank					
Other financial institutions					
<b>Total procurement from financial institutions</b>	200,000			200,000	
Corporate bond (public offering)	1,822,723	20,304		1,843,027	Exchange rate adjustment
Corporate bond (private offering)					
Paid-in capital increase (public offering)					
Paid-in capital increase (private offering)					
Asset backed securitization (public offering)					
Asset backed securitization (private offering)					
Others	300,000			300,000	CP Publishment
<b>Total procurement from capital market Borrowings from shareholder, officer and affiliated company</b>	2,122,723	20,304		2,143,027	
Others					
<b>Total</b>	2,322,723	20,304		2,343,027	

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\* Overseas procurement

(Unit: in millions of Won)

<b>Procurement source</b>	<b>Beginning balance</b>	<b>New procurement</b>	<b>Reduction in repayment and others</b>	<b>Ending balance</b>	<b>Remarks</b>
<b>Financial institutions</b>	104,340	14,430		118,770	Exchange rate adjustment
<b>Overseas securities (Corporate bonds)</b>	730,380	101,010		831,390	Exchange rate adjustment
<b>Overseas securities (shares and others)</b>	268,415			268,415	
<b>Asset backed securitization</b>					
<b>Others</b>					
<b>Total</b>	1,103,135	115,440		1,218,575	

## B. Credit Ratings

## (1) Corporate Bonds

<b>Credit rating date</b>	<b>Subject of valuation</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Evaluation classification</b>
June 13, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 21, 2006	Corporate bond	AAA	Korea Ratings	Regular valuation
June 22, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
September 1, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
September 1, 2006	Corporate bond	AAA	Korea Ratings	Current valuation
September 1, 2006	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
October 27, 2006	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
October 27, 2006	Corporate bond	AAA	Korea Ratings	Current valuation
May 29, 2007	Corporate bond	AAA	Korea Ratings	Regular valuation
June 14, 2007	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation
June 27, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
November 5, 2007	Corporate bond	AAA	Korea Ratings	Current valuation
November 5, 2007		AAA		Current valuation

November 5, 2007	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
	Corporate bond		Korea Investors Service, Inc.	
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<b>Credit rating date</b>	<b>Subject of valuation</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Evaluation classification</b>
Feb.20, 2008	Corporate bond	AAA	Korea Ratings	Current valuation
Feb. 21, 2008	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Current valuation
Feb. 21, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
June 3, 2008	Corporate bond	AAA	Korea Ratings	Regular valuation
June 17, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
June 30, 2008	Corporate bond	AAA	National Information on Credit Evaluation, Inc.	Regular valuation

\* Rating definition: AAA The certainty of principal and interest payment is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable expectation conditions.

(2) Commercial Paper ( CP )

<b>Credit rating date</b>	<b>Subject of valuation</b>	<b>Credit rating</b>	<b>Credit rating entity (Credit rating range)</b>	<b>Evaluation classification</b>
January 3, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
January 4, 2006	CP	A1	Korea Ratings	Regular valuation
June 13, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 21, 2006	CP	A1	Korea Ratings	Current valuation
June 22, 2006	CP	A1	Korea Investors Service, Inc.	Current valuation
September 1, 2006	CP	A1	Korea Ratings	Regular valuation
December 27, 2006	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
December 27, 2006	CP	A1	Korea Investors Service, Inc.	Regular valuation
May 29, 2007	CP	A1	Korea Ratings	Current valuation
June 14, 2007	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 27, 2007	CP	A1	Korea Investors Service, Inc.	Current valuation
November 5, 2007	CP	A1	Korea Ratings	Regular valuation
November 5, 2007	CP	A1	National Information on Credit Evaluation, Inc.	Regular valuation
November 5, 2007	CP	A1	Korea Investors Service, Inc.	Regular valuation
June 3, 2008	CP	A1	Korea Ratings	Current valuation
June 16, 2008	CP	A1	National Information on Credit Evaluation, Inc.	Current valuation
June 17, 2008	CP	A1	Korea Investors Service, Inc.	Current valuation

\* Rating definition: A1 Timely repayment capability is at the highest level with extremely low investment risk, and is stable in that there is no influence of any environmental change under reasonable expectation conditions.





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(3) International Credit Ratings

<b>Date of credit rating</b>	<b>Subject of valuation</b>	<b>Credit rating of securities</b>	<b>Credit rating company (Credit rating range)</b>	<b>Evaluation type</b>
July 9, 2007	Global Bonds	A	Fitch (England)	Current valuation
July 9, 2007	Global Bonds	A2	Moody's (U.S.A.)	Current valuation
July 9, 2007	Global Bonds	A	S&P (U.S.A.)	Current valuation

**Table of Contents****III. FINANCIAL INFORMATION**

## 1. Summary Financial Statements (Non Consolidated)

(Unit: in millions of Won)

Classification	As of and for the nine months ended September 30,	As of and for the year ended December 31,			
	2008	2007	2006	2005	2004
<b>Current assets</b>	4,004,331	4,094,059	4,189,325	4,172,485	3,854,345
<b>Quick assets</b>	3,990,497	4,075,378	4,172,887	4,166,500	3,843,384
<b>Inventory</b>	13,833	18,681	16,438	5,985	10,961
<b>Fixed assets</b>	14,420,087	14,038,451	11,624,728	10,349,191	10,166,360
<b>Investments</b>	6,007,296	5,940,045	3,547,942	2,366,760	2,112,488
<b>Tangible assets</b>	4,465,324	4,594,413	4,418,112	4,595,884	4,605,253
<b>Intangible assets</b>	2,936,022	3,174,942	3,405,158	3,386,547	3,448,619
<b>Other non-current assets</b>	1,011,445	329,051	253,516		
<b>Total assets</b>	18,424,417	18,132,510	15,814,053	14,521,676	14,020,705
<b>Current liabilities</b>	3,592,292	2,484,548	2,985,620	2,747,268	2,859,711
<b>Fixed liabilities</b>	4,105,849	4,221,016	3,522,006	3,516,528	4,033,902
<b>Total liabilities</b>	7,698,141	6,705,564	6,507,626	6,263,796	6,893,613
<b>Capital</b>	44,639	44,639	44,639	44,639	44,639
<b>Capital surplus</b>	2,863,854	2,923,921	2,962,699	2,966,198	2,983,166
<b>Capital adjustment</b>	(-)1,998,452	(-)2,041,578	(-)2,019,568	(-)2,022,817	(-)2,057,422
<b>Accumulated comprehensive income</b>	578,340	1,594,099	473,904		
<b>Retained earnings</b>	9,237,896	8,905,865	7,844,753	7,269,861	6,156,708
<b>Total capital</b>	10,726,276	11,426,946	9,306,427	8,257,881	7,127,091
<b>Sales</b>	8,667,844	11,285,900	10,650,952	10,161,129	9,703,681
<b>Operation income</b>	1,591,058	2,171,543	2,584,370	2,653,570	2,359,581
<b>Ordinary income</b>	1,387,991	2,307,785	2,021,643	2,554,613	2,115,778
<b>Current net income</b>	1,014,535	1,642,451	1,446,598	1,871,380	1,494,852

\* See the attached  
Korean GAAP  
Non-consolidated  
Financial  
Statements.

**Table of Contents****IV. AUDITOR'S OPINION****1. Auditor**

<b>Nine months ended September 30, 2008</b> Deloitte Anjin LLC	<b>Year ended December 31, 2007</b> Deloitte Anjin LLC	<b>Year ended December 31, 2006</b> Deloitte Anjin LLC	<b>Year ended December 31, 2005</b> Deloitte Anjin LLC
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**2. Audit Opinion**

<b>Term</b>	<b>Auditor's opinion</b>	<b>Issues noted</b>
<b>Nine months ended September 30, 2008</b>	Appropriate	
<b>Nine months ended September 30, 2008</b>	Appropriate	
<b>Year ended December 31, 2007</b>	Appropriate	
<b>Year ended December 31, 2006</b>	Appropriate	

**3. Remuneration for Independent non-executive Auditors for the Past Three Fiscal Years****A. Audit Contracts**

(Unit: in thousands of Won)

<b>Term</b>	<b>Auditors</b>	<b>Contents</b>	<b>Fee</b>	<b>Total hours</b>
<b>Nine months ended September 30, 2008</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,088,321	11,346
<b>Year ended December 31, 2007</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,066,318	11,468
<b>Year ended December 31, 2006</b>	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	656,000	7,637

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## B. Non-Audit Services Contract with External Auditors

(Unit: in thousands of Won)				
<b>Term</b>	<b>Contract date</b>	<b>Service provided</b>	<b>Service period</b>	<b>Fee</b>
<b>Nine months ended September 30, 2008</b>	November 20, 2007	Set up services for agency tax manual	60 days	48,000
	March 3, 2008	Tax adjustment for fiscal year 2007	10 days	33,000
	May 15, 2008	Tax consulting	5 days	7,500
	June 24, 2008	Foreign tax consulting re indirect taxes	4 days	6,000
<b>Year ended December 31, 2007</b>	August 13, 2008	R&D related consulting	7 days	9,400
	March 20, 2007	Tax adjustment for fiscal year 2006	10 days	30,000
	September 28, 2007	Tax consulting for denial of deductions for corporate income tax	1 day	2,000
	September 28, 2007	Review of deferred corporate income tax for 1Q and 2Q	6 days	10,000
	September 28, 2007	Tax consulting	5 days	9,000
	December 31, 2007	Review of deferred corporate income tax for 3Q	2 days	5,000
	December 31, 2007	Tax consulting	3 days	3,000
	January 1, 2006	Tax consulting service for fiscal year 2006	25 days	20,000
	February 7, 2006	Tax training for employees of authorized exclusive dealers	50 days	45,000
	March 31, 2006	Tax adjustment for fiscal year 2005	7 days	27,000
<b>Year ended December 31, 2006</b>	April 30, 2006	Tax consulting	7 days	45,000
	July 26, 2006	Financial consulting	7 days	40,000
	October 13, 2006	Evaluation of and preparation of recommendations for improvement of subsidiaries financial system infrastructure	10 days	49,500
	November 13, 2006	Preparation of responses to the U.S. SEC's comments on the Company's Form 20-F for 2005	10 days	25,500

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**V. MANAGEMENT STRUCTURE**

**1. Summary of Management Structure**

A. Board of Directors

(1) Authority of the Board of Directors

a) Authority of the board of directors under Article 7 of the Regulations of the Board of Directors

Convocation of shareholders meeting and submission of agenda

Prior approval of financial statements

Decisions on issuance of new shares

Long-term borrowings, issuance of corporate bonds and redemptions

Capital transfer of reserves

Election of CEO and representatives

Appointment of executive directors

Establishment, transfer or closure of branches

Enactment of and revision to the Regulations for the Board of Directors

Annual business plan and budgeting

Approval of investments of Won 50 billion or greater or investments that become Won 50 billion or greater through planned budget increases

Planned budget increases and changes for investments or Won 50 billion or greater.

Investments and joint ventures of Won 50 billion or greater. For new investments and joint ventures of Won 30 billion or above.

Establishment of subsidiaries

Guarantees of Won 50 billion or greater

Transactions undertaken with related parties equal to or above the lesser of an amount equivalent to 10% of capital or Won 10 billion, and any material changes to such transactions in accordance with the Anti-trust Law and Fair Trade Act; provided, majority approval of outside directors is required. Prior approval of outside directors as required by Article 45-2 of the Articles of Incorporations is deemed to be obtained, if there is majority approval by outside directors.

Investment by the Company or any of its subsidiaries in foreign corporations or entities, or other foreign assets, equal to or greater than the amount equivalent to 5% of the Company's equity capital according to its latest balance sheet; provided, majority approval of outside directors is required. Prior approval of outside directors as required by Article 45-2 of the Articles of Incorporations is deemed to be obtained, if there is majority approval by outside directors.

Enactment of and amendment to the Internal Trading Procedures

Other matters considered necessary by the Board of Directors and those requiring Board of Directors approval under applicable laws

b) Reporting items under Article 7.2 of the Regulations of the Board of Directors

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The representative director must report the following to the Board of Directors within two months after the date of occurrence:

Results for the six months ended June 30 of each year

Execution of investments between Won 5 billion and Won 50 billion

New investments and joint ventures under Won 50 billion

Acquisition of non-operational fixed assets

Disposition of fixed assets of Won 50 billion or above

Matters related to guarantees of under Won 50 billion

Internal trading not subject to approval by the Board of Directors

Matters delegated to the representative director that the Board of Directors requires to be reported

(2) Publication of Information on Director Candidates Prior to the Shareholders Meeting for the Election of Directors and Shareholders Nomination

a) On February 22, 2008, in the notice of the annual general meeting of shareholders, information on Shin Bae Kim, Young Ho Park, Rak Yong Uhm, Jay Young Chung, Jae Ho Cho, candidates for the Board of Directors, was publicly disclosed.

b) There was no nomination by the shareholders.

(3) Significant Activities of the Board of Directors

<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
<b>289<sup>th</sup> (the first meeting of 2008)</b>	January 31, 2008	Financial Statements for 24th Fiscal Year Business Report for 24th Fiscal Year Establishment of Corporate for Convergence Business in USA	Approved as proposed Approved as proposed Approved as proposed
<b>290<sup>th</sup> (the second meeting of 2008)</b>	February 19, 2008	The Call for the 24th Annual General Meeting of Shareholders Issuance of Corporate Bond	Approved as proposed Approved as proposed
<b>291<sup>st</sup> (the third meeting of 2008)</b>	March 14, 2008	Appointment of the Representative Director Appointment of Sub-Committee Members	Approved as proposed Approved as proposed
<b>292<sup>nd</sup> (the fourth meeting of 2008)</b>	March 28, 2008	Establishment of SK Marketing & Company (provisional name) Amendment of internal regulations The Participation in the Capital Increase of Cyworld China (Holdings) Limited	Approved as proposed Approved as proposed Approved as proposed

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<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>
<b>293<sup>rd</sup> (the fifth meeting of 2008)</b>	May 30, 2008	Appointment of Independent Non-Executive Director Recommendation Committee Member Establishment of Corporate Citizenship Committee and Appointment of its Candidates Contract with TU Media Co., Ltd. regarding satellite utilization fees	Approved as proposed  Amended and approved Approved as proposed
<b>294<sup>th</sup> (the sixth meeting of 2008)</b>	June 11, 2008	Dispose of SK C&C Co., Ltd Shares	Approved as proposed
<b>295<sup>th</sup> (the seventh meeting of 2008)</b>	July 18, 2008	Investment in a Beijing office building Investment in Beijing U-City business Interim Dividend Asset Management Transaction with Affiliated Company (SK Securities) Long-term Debt Financing	Approved as proposed Approved as proposed Approved as proposed Approved as proposed Approved as proposed
<b>296<sup>rd</sup> (the eighth meeting of 2008)</b>	August 21 2008	Transactions with SK Networks Co. Ltd. in 2008  Investment for additional WCDMA Equipment and Marketing Activities for 2008	Approved as proposed Approved as proposed Approved as proposed
<b>297<sup>th</sup> (the ninth meeting of 2008)</b>	September 25 2008	Establishment of SK Telecom s Affilate Company for Sales Asset Management Transaction with Affiliated Company (SK Securities) Issuance of Corporate Bonds	Approved as proposed Approved as proposed Approved as proposed
<b>298<sup>th</sup> (the tenth meeting of 2008)</b>	October 23 2008	Trasfer Melon Service and Participation of Capital Increase in LOEN Entertainment Acquistion of Treasury Stocks for Cancellation Long-term Financing Plan	Approved as proposed Approved as proposed Approved as proposed Approved as proposed



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- (4) Committee Structure and Activities of the Board of Directors  
 a) Independent Non-executive Director Nomination Committee  
 Organization  
 (As of September 30, 2008)

**Number of Persons**

4

**Company Directors**

Shin Bae Kim, Sung Min Ha

**Members**

**Independent Non-executive Directors**

Rak Yong Uhm, Jae Ho Cho

\* The Independent Non-executive Director Nomination Committee is a committee established under the provisions of the Articles of Incorporation.  
 Activities

<b>Date</b>	<b>Details</b>	<b>Approval</b>	<b>D.S. Shim (100%)*</b>	<b>H.J. Lim (100%)*</b>
Feb. 19 2008	24 General Meeting of Shareholders: Nomination of Independent Non-executive Director Candidates: Rak Yong Uhm, Jay Young Chung, Jae Ho Cho	<b>Approved</b>	For	For

\* Participation Rate for the Board of Directors Meetings

<b>Date</b>	<b>Details</b>	<b>Approval</b>	<b>R.Y. Uhm (100%)*</b>	<b>J.H. Cho (100%)*</b>
July 18, 2008	Proposal to nominate the Head of Committee	<b>Approved</b>	For	For

- b) Compensation Review Committee  
 Organization  
 (As of September 30, 2008)

**Number of Persons**

**Company Directors**

**Members**

**Independent Non-executive Directors**

5 persons

Dal Sup Shim, Rak Yong Uhm, Hyun  
Chin Lim, Jay Young Chung, Jae Ho  
Cho

\* The  
Compensation  
Review  
Committee is a  
committee  
established by  
the resolution of  
the Board of  
Directors.

Activities

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<b>Date</b>	<b>Details</b>	<b>Approval</b>	<b>Y.W. Kim (100%)</b>	<b>D.S. Shim (100%)</b>	<b>H.J. Lim (100%)</b>	<b>R.Y. Uhm (100%)</b>	<b>J.Y. Chung (100%)</b>	<b>J.H. Cho (100%)</b>
Mar. 27, 2008	Appointment of Representative Director of the Committee	<b>Approved</b>	For	For	For	For	For	For
Apr. 25, 2008	Discussion of Committee operation methods		Resigned					
c) Capex Review Committee Organization (As of September 30, 2008)								

<b>Number of Persons</b>	<b>Company Directors</b>	<b>Members</b>
5 persons	Young Ho Park, Sung Min Ha	<b>Independent Non-executive Directors</b> Rak Yong Uhm, Dal Sup Shim, Jay Young Chung
* The Capex Review Committee is a committee established by the resolution of the Board of Directors.		
Activities		

<b>Date</b>	<b>Details</b>	<b>Approval</b>	<b>R.Y. Uhm (100%)</b>	<b>D.S. Shim (100%)</b>	<b>J.Y. Chung (100%)</b>
Apr. 26, 2008	Appointment of Representative Director of the Committee	<b>Approved</b>	For	For	For
d) Corporate Citizenship Committee Organization (As of September 30, 2008)					

<b>Number of Persons</b>	<b>Company Directors</b>	<b>Members</b>
5 persons	Young Ho Park, Sung Min Ha	<b>Independent Non-executive Directors</b> Rak Yong Uhm, Hyun Chin Lim, Jay Young Chung
* The Corporate Citizenship Committee is a committee established by		

the resolution of  
the Board of  
Directors.

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<b>Date</b>	<b>Details</b>	<b>Approval</b>	<b>R.Y. Uhm (100%)</b>	<b>H.J. Lim (100%) Vote</b>	<b>J.Y. Chung (100%)</b>
Sep. 10, 2008	Appointment of Representative Director of the Committee	<b>Approved</b>	For	For	For
	e) Audit Committee: See B. Audit System below.				

\* The Audit Committee is a committee established under the provisions of the Articles of Incorporation.

**B. Audit System****(1) Establishment and Organization of the Audit Committee**

- a) The Audit Committee is composed of three or more directors. However, independent non-executive directors must account for 2/3 or more, and the members are elected by the resolution of the Board of Directors each year.
- b) The Audit Committee is convened when deemed necessary by the chairman or is requested by two or more of the committee members.
- c) The quorum for resolution is majority attendance with majority consent of the attending members.

**(2) Authority of the Audit Committee**

Includes authority to inquire on the subsidiary companies, right to investigate the business operations and asset conditions, and right to request for a business status report pursuant to the Audit Committee Regulations.

**(3) Members of the Audit Committee**

Audit Committee Members are directors Dal Sup Shim, Hyun Chin Lim and Jae Ho Cho.

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## (4) Major Activities of the Audit Committee

<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>	<b>Remarks</b>
<b>The first meeting of 2008</b>	January 31, 2008	Audit Report on Internal Monitoring System	Approved as proposed	
		2007 Management Audit Results and 2008 Management Audit Plan		
		Financial statements for 24 <sup>th</sup> Fiscal Year		
		Business Report for 24 <sup>th</sup> Fiscal Year		
		2008 Transactions Plan with SK C&C Co., Ltd.		
		Evaluation of internal accounting controls		
<b>The second meeting of 2008</b>	February 18, 2008	Results Reports on Review of Internal Accounting Management System	Approved as proposed	
		Reports on 2007 K-GAAP Audit	Approved as proposed	
		Auditor's Report for Fiscal Year 2007	Approved as proposed	
		Evaluation of Internal Accounting Management System Operation	Approved as proposed	
		Plans for Issuance of Corporate Bonds		
<b>The third meeting of 2008</b>	March 27, 2008	Proposal to nominate the Head of Committee	Approved as proposed	
		Proposal for 2008 2Q transaction with SK C&C Co., Ltd.	Approved as proposed	
		Planning for amendment to internal accounting rules		
<b>The fourth meeting of 2008</b>	May 29, 2008	Proposal for construction of mobile phone facilities for 2008	Approved as proposed	
		Proposal for purchase of mobile phone relay device for 2008	Approved as proposed	
		Proposal for entering into an agency agreement with SK Marketing & Company for 2008	Approved as proposed	
		Proposal for entering into B2B agreement with TU Media Co., Ltd.	Approved as proposed	
		Proposal to set auditor fees for 2008	Approved as proposed	
		Proposal for renewal of service contract with auditor for 2008	Approved as proposed	
		Planning of fiscal year 2008 audit		
<b>The fifth meeting of 2008</b>	June 11, 2008	Proposal for 2008 3Q transactions with SK C&C Co., Ltd.	Approved as proposed	
<b>The sixth meeting of 2008</b>	June 26, 2008	Report on results for fiscal year 2008 US GAAP Audit		

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<b>Meeting</b>	<b>Date</b>	<b>Agenda</b>	<b>Approval</b>	<b>Remarks</b>
<b>The seventh meeting of 2008</b>	July 17, 2008	Interim closing of accounts for six months ended 2008 Planning of interim dividends Planning of asset management transaction with affiliated company (SK Securities)		
<b>The eighth meeting of 2008</b>	August 20, 2008	Proposal for purchase of mobile phone relay device for 2008  Proposal for construction of mobile phone facilities for 2008	Approved as proposed Approved as proposed	
<b>The ninth meeting of 2008</b>	September 24, 2008	Report on K-GAAP audit of the financial statements for the first half of 2007 Evaluation of internal accounting controls Management audit results for the first half of 2008 Service Contract with SKTA Proposal for purchase of mobile phone relay device for 2008  Proposal for construction of mobile phone facilities for 2008  2008 4Q Transaction with SK C&C  Asset Management Transaction with SK Securities	Approved as proposed Approved as proposed Approved as proposed Approved as proposed	
<b>The tenth meeting of 2008</b>	October 22, 2008	Plans for Issuance of Corporate Bonds Acquisition of Treasury Stocks for Cancellation Long-term Financing Plan		

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## C. Exercise of Voting Rights by the Shareholders

## (1) Use of the Cumulative Voting System

a) Pursuant to the Articles of Incorporation, the cumulative voting system was first introduced in the General Meeting of Shareholders in 2003.

## b) Articles of Incorporation

Article 32 (3) (Election of Directors): Cumulative voting under Article 382-2 of the Commercial Code will not be applied for the election of directors.

Article 4 of the 12<sup>th</sup> Supplement to the Articles of Incorporation (Interim Regulation): Article 32 (3) of the Articles of Incorporation shall remain effective until the day immediately preceding the date of the general shareholders meeting of 2003.

## (2) Use of Written or Electronic Voting System

N/A

## (3) Minority Shareholder Rights

N/A

## D. Compensation of Officers and Others

## (1) Compensation of Directors (including Independent Non-executive Directors) and Members of the Audit Committee

(Unit: in millions of Won)

<b>Classification</b>	<b>Total payment</b>	<b>Total amount approved by the Meeting of Shareholders</b>	<b>Average payment per person</b>	<b>Remarks</b>
Company directors	4,270		1,148	
Independent non-executive directors	405	12,000	64	Including members of the Audit Committee

## (2) Granting and Exercise of Stock Options

N/A



**Table of Contents****VI. SHARES****1. Distribution of Shares****A. Shareholdings of Major Shareholders and other Related Parties**

(Unit: shares, %)

(As of September 30, 2008)

Name	Relationship	Types of shares	Number of shares owned (equity rate)				Cause of change	
			Beginning Number of shares	Ownership ratio	Increase Number of shares	Decrease Number of shares		Ending Number of shares
<b>SK Corporation</b>	Parent company	Common stock	17,663,127	21.75	1,085,325		18,748,452	23.09
<b>Tae Won Choi</b>	Officer of affiliated company	Common stock	100	0.00			100	0.00
<b>Shin Bae Kim</b>	Director	Common stock	1,270	0.00			1,270	0.00
<b>Bang Hyung Lee</b>	Director	Common stock	400	0.00			400	0.00
<b>Sung Min Ha</b>	Director	Common stock	738	0.00			738	0.00
		Common stock	17,665,635	21.75	1,085,325		18,750,960	23.09
<b>Total</b>		Preferred stock	0	0			0	0
		<b>Total</b>	17,665,635	21.75	1,085,325		18,750,960	23.09

Largest shareholder: SK Corporation

Number of related parties: 4 persons

**B. Shareholders with More than 5% Shareholding**

(As of June 30, 2008)

(Unit: shares, %)

Rank	Name (title)	Common share		Preferred share		Sub-total	
		Number of shares	Ownership ratio	Number of shares	Ownership ratio	Number of shares	Ownership ratio
1	Citibank ADR	24,321,893	29.96			24,321,893	29.96
2	SK Corporation	18,748,452	23.09			18,748,452	23.09
3	SK Telecom	8,400,708	10.35			8,400,708	10.35
	<b>Total</b>	51,471,053	63.40			51,471,053	63.40

**Table of Contents**C. Shareholder Distribution  
(As of June 30, 2008)

<b>Classification</b>	<b>Number of shareholders</b>	<b>Ratio (%)</b>	<b>Number of shares</b>	<b>Ratio (%)</b>	<b>Remarks</b>
<b>Total minority shareholders</b>	33,557	99.96	24,306,544	29.93	
<b>Minority shareholders (corporate)</b>	1,064	3.16	8,790,990	10.82	
<b>Minority shareholders (individual)</b>	32,493	96.79	15,515,554	19.11	
<b>Largest shareholder</b>	5	0.01	18,750,960	23.09	
<b>Major shareholders</b>					
<b>Other shareholders</b>	9	0.02	38,136,207	46.97	
<b>Other shareholders (corporate)</b>	6	0.02	11,801,460	14.53	
<b>Other shareholders (individual)</b>	3	0.00	26,334,747	32.43	
<b>Total</b>	33,571	100.00	81,193,711	100.00	

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**Table of Contents****2. Share Price and Trading Volume in the Last Six Months****A. Domestic Securities Market**

(Unit: Won, shares)

Types		September 2008	August 2008	July 2008	June 2008	May 2008	April 2008
<b>Common share</b>	<b>Highest</b>	210,500	205,000	195,500	201,500	212,000	203,000
	<b>Lowest</b>	200,000	188,500	178,000	180,000	201,500	182,000
<b>Monthly transaction volume</b>		8,495,764	6,354,641	5,910,740	4,990,649	4,105,415	7,309,851

**B. Overseas Securities Market**

## New York Stock Exchange

(Unit: US\$, ADRs)

Types		September 2008	August 2008	July 2008	June 2008	May 2008	April 2008
<b>Depository receipt</b>	<b>Highest</b>	20.82	22.29	22.20	22.24	23.47	22.60
	<b>Lowest</b>	18.68	19.60	19.97	20.67	22.13	21.47
<b>Monthly transaction volume</b>		33,989,886	46,673,046	25,823,710	19,036,416	22,555,764	29,211,514

**VII. EMPLOYEES**

(As of September 30, 2008)

(Unit: persons, in millions of Won)

Classification	Number of employees			Total	Average service year	Total half year wage	Average wage per person	Remarks
	Office	managerial positions	Production positions Others					
<b>Male</b>	3,812			3,812	10.8	192,688	49	
<b>Female</b>	593			593	8.9	23,800	39	
<b>Total</b>	4,405			4,405	10.5	216,488	48	
				31				

**Table of Contents****VIII. TRANSACTIONS WITH RELATED PARTIES****1. Transactions with the Largest Shareholder****A. Provisional Payment and Loans (including loans on marketable securities)**

(As of September 30, 2008)

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details			Ending	Accrued interest	Remarks
			Beginning	Increase	Decrease			
SK Wyverns	Affiliated company	Long-term and short-term loans	4,132			4,132	279	

**B. Equity Investments**

(As of September 30, 2008)

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Types of Investment	Details				Note
			Beginning	Increase	Decrease	Ending	
SK Broadband	Affiliated company	Common share	116,525	1,093,104		1,209,629	
SKT U.S.A. Holdings	Affiliated company	Common share	336,625	99,141		435,766	
SK M&C	Affiliated company	Common share		190,000		190,000	
TU Media	Affiliated company	Common share	96,979	55,000		151,979	
SK Telecom (CHINA) Holding Co., Ltd.	Affiliated company	Common share	19,070	4,223		23,293	
TR Entertainment	Affiliated company	Common share		10,953		10,953	
Cyworld China (Holdings) Ltd.	Affiliated company	Common share		10,272		10,272	
SKT Global Investment	Affiliated company	Common share		26,044		26,044	
SKT Holdings America Inc.	Affiliated company	Common share	4,050	78,548		12,598	
Wave City	Affiliated company	Common share		1,967		1,967	

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Name (Corporate name)	Relationship	Types of investment	Details			Ending	Note
			Beginning	Increase	Decrease		
<b>Magic Grid</b>	Affiliated company	Common share		8,384		8,384	
<b>SK Mobile</b>	Affiliated company	Common share	9,160	2,004	3,166	7,998	
<b>SKY Property Mgmt. Ltd.</b>	Affiliated company	Common share		178,427		178,427	
<b>OK Cashbag Service</b>	Affiliated company	Common share	316		316		
	<b>Total</b>		582,725	1,688,067	3,482	2,267,310	

**2. Transactions with Shareholders (excluding the largest shareholder and others), Officers, Employees and other Interested Parties**

**A. Provisional Payment and Loans (including loans on marketable securities)**

\* Agents

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details			Ending	Accrued interest	Remarks
			Beginning	Increase	Decrease			
<b>Hong Eun and others</b>	Agency	Long-term and short-term loans	114,959	279,120	222,779	171,300		

\* Overseas investment companies

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Account category	Change details			Ending	Accrued interest	Remarks
			Beginning	Increase	Decrease			
<b>DSS Mobile Com. (India)</b>	Overseas Investment company	Long-term loans	18,887			18,887		Payment guarantee

**B. Equity Investments**

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(Unit: in millions of Won)

Name (Corporate name)	Relationship	Types of Investment	Details			Remarks
			Beginning	Increase	Decrease	
<b>Mobinex. Inc.</b>		Common share		1,894		1,894
<b>Dreamer-i</b>		Common share		4,499		4,499
<b>Alereon. Inc.</b>		Common share		3,060		3,060
<b>Biogenics</b>		Common share		1,000		1,000
<b>Benex Digital Contents</b>				5,000		5,000
<b>Translink Capital</b>			798	688		1,486
<b>SIG Investment</b>			1,172	376		1,548
<b>Century-on IT Investment</b>			1,930		1,930	
<b>Total</b>			3,900	16,517	1,930	18,487

**IX. OTHER RELEVANT MATTERS****1. Developments in the Items mentioned in prior Reports on Important Business Matters****A. Status and Progress of Major Management Events**

Date of Disclosure	Title	Report	Reports status
October 26, 2001	Resolution on trust agreement for the acquisition of treasury shares and others	1. Signatories: Shinhan Bank, Hana Bank, Cho Heung Bank, Korea Exchange Bank 2. Contract amount: Won 1,300 billion 3. Purpose: to increase shareholder value	1. On December 24, 2003, cash surplus amount from the existing trust agreement was partially reduced (Won 318 billion). 2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 3. On October 16, 2007, the Board of Directors extended the term of the specified monetary trust agreement for 3 years. 4. As of December 31, 2007, the balance of specified monetary trust for treasury shares was Won 982 billion.

**2. Summary Minutes of the Shareholders Meeting**

Date	Agenda	Resolution
23 <sup>rd</sup> Fiscal Year Meeting of Shareholders (March 9, 2007)	1. Approval of the financial statements for the year ended December 31, 2006 2. Remuneration limit for Directors 3. Election of Directors Election of executive directors	Approved (Cash dividend, Won 7,000 per share)  Approved (Won 12 billion)

Election of independent non-executive  
directors as Audit Committee members  
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Approved (Jung Nam Cho, Sung Min Ha)  
Approved (Dal Sup Shim)

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<b>Date</b>	<b>Agenda</b>	<b>Resolution</b>
24 <sup>th</sup> Fiscal Year Meeting of Shareholders (March 14, 2008)	1. Approval of the financial statements for the year ended December 31, 2007	Approved (Cash dividend, Won 8,400 per share)
	2. Amendment to Articles of incorporation	
	3. Remuneration limit for Directors	Approved
	4. Election of Directors	Approved (Won 12 billion)
	Election of executive directors	
	Election of independent non-executive directors	Approved (Shin Bae Kim, Young Ho Park)
	Election of independent non-executive directors as	Approved (Rak Yong Uhm, Jay Young Chung)
	Audit Committee members	Approved (Jae Ho Cho)



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***SK TELECOM CO., LTD.***

*NON-CONSOLIDATED FINANCIAL STATEMENTS*

*FOR THE THREE MONTHS AND NINE MONTHS*

*ENDED SEPTEMBER 30, 2008 AND 2007*

*AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT*

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**Independent Accountants' Review Report**

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

We have reviewed the accompanying non-consolidated balance sheet of SK Telecom Co., Ltd. (the Company) as of September 30, 2008, the related non-consolidated statements of income for the three months and nine months ended September 30, 2008 and 2007, and non-consolidated statements of changes in stockholders' equity and cash flows for nine months ended September 30, 2008 and 2007, all expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with standards for review of interim financial statements in the Republic of Korea. Those standards require that we plan and perform the review to obtain moderate assurance as to whether the non-consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data, and this provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the financial statements referred to above are not presented fairly, in all material respects, in conformity with accounting principles generally accepted in the Republic of Korea.

We have previously audited, in accordance with auditing standards generally accepted in the Republic of Korea, the non-consolidated balance sheet of the Company as of December 31, 2007, and the related non-consolidated statements of income, appropriations of retained earnings, changes in stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated January 31, 2008, we expressed an unqualified opinion on those non-consolidated financial statements. The accompanying balance sheet as of December 31, 2007, which is comparatively presented, does not differ in material respects from such audited non-consolidated balance sheet, except for the effects of the adjustments described in Note 2 (b) to the non-consolidated financial statements.

Our reviews also comprehended the translation of the Korean won amounts into U.S. dollar amounts and nothing has come to our attention that causes us to believe that such translation has not been made in conformity with the basis stated in Note 2(a). Such U.S. dollar amounts are presented solely for the convenience of readers of financial statements.

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Accounting principles and review standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations, changes in shareholders equity and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to review such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and review standards and their application in practice.

October 24, 2008

**Notice to Readers**

This report is effective as of October 24, 2008, the accountants' review report date. Certain subsequent events or circumstances may have occurred between the accountants' review report date and the time the accountants' review report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modification to the accountants' review report.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2008 AND DECEMBER 31, 2007**

	Korean won		Translation into U.S. dollars (Note 2)	
	September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
ASSETS	(In millions)		(In thousands)	
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents (Note 12)	₩ 508,740	₩ 575,646	\$ 421,736	\$ 477,200
Short-term financial instruments (Note 19)	153,566	79,360	127,303	65,788
Short-term investment securities (Note 3)	450,417	733,769	373,387	608,281
Accounts receivable – trade, net of allowance for doubtful accounts of ₩68,431 million as of September 30, 2008 and ₩59,581 million as of December 31, 2007 (Notes 12 and 22)	1,553,367	1,620,334	1,287,712	1,343,226
Short-term loans, net of allowance for doubtful accounts of ₩1,175 million as of September 30, 2008 and ₩753 million as of December 31, 2007 (Notes 5 and 22)	116,279	74,532	96,393	61,786
Accounts receivable – other, net of allowance for doubtful accounts of ₩24,452 million and net of present value of ₩19,860 million as of September 30, 2008 and net of allowance for doubtful accounts of ₩23,253 million as of December 31, 2007 (Notes 12 and 22)	1,033,511	855,062	856,761	708,830
Inventories (Note 2)	13,833	18,681	11,467	15,486
Prepaid expenses	103,630	94,080	85,907	77,991
Current deferred income tax assets, net (Note 16)	39,171	29,688	32,472	24,611
Current currency swap (Note 24)	1,788		1,482	
Accrued income and other	30,028	12,907	24,894	10,699
<b>Total Current Assets</b>	<b>4,004,330</b>	<b>4,094,059</b>	<b>3,319,514</b>	<b>3,393,898</b>
<b>NON-CURRENT ASSETS:</b>				
Property and equipment, net (Notes 6, 11, 21 and 22)	4,465,324	4,594,413	3,701,670	3,808,682
Intangible assets, net (Notes 7 and 11)	2,936,022	3,174,942	2,433,907	2,631,967
Long-term financial instruments (Note 19)	19	10,019	16	8,306
Long-term investment securities (Note 3)	3,537,372	5,041,393	2,932,415	4,179,220
Equity securities accounted for using the equity method (Notes 2 and 4)	2,469,906	888,633	2,047,506	736,660

Long-term loans, net of allowance for doubtful accounts of ₩24,040 million as of September 30, 2008 and ₩23,783 million as of December 31, 2007 (Notes 5 and 22)	117,610	76,642	97,496	63,535
Long-term accounts receivable other, net of present value of ₩36,584 million as of September 30, 2008 and nil as of December 31, 2007 (Note 2)	446,073		369,786	
Guarantee deposits (Notes 12 and 22)	133,541	122,209	110,703	101,309
Long-term currency swap (Note 24)	206,017	13,057	170,784	10,824
Long-term interest rate swap (Note 24)	2,873	3,170	2,382	2,628
Long-term deposits and other	105,330	113,973	87,316	94,481
Total Non-current Assets	14,420,087	14,038,451	11,953,981	11,637,612
TOTAL ASSETS	₩ 18,424,417	₩ 18,132,510	\$ 15,273,495	\$ 15,031,510

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED BALANCE SHEETS (CONTINUED)**  
**SEPTEMBER 30, 2008 AND DECEMBER 31, 2007**

	Korean won		Translation into U.S. dollars (Notes 2)	
	September 30, 2008	December 31, 2007	September 30, 2008	December 31, 2007
LIABILITIES AND STOCKHOLDERS EQUITY	(In millions)		(In thousands)	
<b>CURRENT LIABILITIES :</b>				
Short-term borrowings	₩ 300,000	₩	\$ 248,694	\$
Accounts payable (Notes 12 and 22)	1,215,022	1,112,659	1,007,230	922,373
Income tax payable	297,849	314,830	246,911	260,988
Accrued expenses (Note 23)	617,887	374,058	512,217	310,087
Withholdings	327,256	222,653	271,289	184,575
Current portion of long-term debt, net (Notes 8 and 11)	703,703	410,575	583,357	340,359
Current portion of subscription deposits (Note 10)	7,128	7,540	5,909	6,251
Currency swap (Note 24)	109,934	12,646	91,133	10,483
Advanced receipts and other	13,513	29,587	11,202	24,528
<b>Total Current Liabilities</b>	<b>3,592,292</b>	<b>2,484,548</b>	<b>2,977,942</b>	<b>2,059,644</b>
<b>NON-CURRENT LIABILITIES :</b>				
Bonds payable, net (Note 8)	2,314,729	2,281,160	1,918,867	1,891,039
Long-term borrowings (Note 9)	818,770	293,820	678,745	243,571
Subscription deposits (Note 10)	4,793	6,426	3,973	5,327
Long-term payables other, net of present value discount of ₩17,467 million as of September 30, 2008 and ₩27,886 million as of December 31, 2007	302,533	422,114	250,794	349,925
Accrued severance indemnities, net	40,572	22,150	33,633	18,362
Non-current deferred income tax liabilities, net (Note 16)	550,773	1,044,690	456,580	866,028
Long-term currency swap (Note 24)	3,194	110,911	2,648	91,943
Long-term interest swap (Note 24)	1,709		1,417	
Guarantee deposits received and other (Notes 22 and 23)	68,776	39,745	57,014	32,947
<b>Total Non-current Liabilities</b>	<b>4,105,849</b>	<b>4,221,016</b>	<b>3,403,671</b>	<b>3,499,142</b>
<b>Total Liabilities</b>	<b>7,698,141</b>	<b>6,705,564</b>	<b>6,381,613</b>	<b>5,558,786</b>
<b>STOCKHOLDERS EQUITY:</b>				

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Capital stock (Notes 1 and 13)	44,639	44,639	37,005	37,005
Capital surplus (Notes 8 and 13)	2,863,854	2,923,921	2,374,081	2,423,875
Capital adjustments:				
Treasury stock (Notes 1 and 15)	(1,992,082)	(2,041,483)	(1,651,398)	(1,692,351)
Loss on disposal of treasury stock (Note 15)	(6,370)	(95)	(5,281)	(79)
Accumulated other comprehensive income (loss) (Note 17):				
Unrealized gains on valuation of long-term investment securities, net (Notes 3 and 16)	629,584	1,626,689	521,913	1,348,495
Equity in other comprehensive loss of affiliates, net (Notes 2, 4 and 16)	(46,140)	(23,072)	(38,249)	(19,126)
Loss on valuation of currency swap, net (Notes 16 and 24)	(5,949)	(11,816)	(4,932)	(9,795)
Gain on valuation of interest swap, net (Notes 16 and 24)	844	2,298	700	1,905
Retained earnings (Note 14):				
Appropriated	8,295,037	7,335,037	6,876,430	6,080,608
Unappropriated	942,859	1,570,828	781,613	1,302,187
Total Stockholders Equity	10,726,276	11,426,946	8,891,882	9,472,724
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	₩ 18,424,417	₩ 18,132,510	\$ 15,273,495	\$ 15,031,510

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

	Korean won				Translation into U.S. dollars (Note 2)			
	2008		2007		2008		2007	
	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30
	(In millions except for per share data)				(In thousands except for per share data)			
<b>OPERATING REVENUE</b>								
(Note 22)	₩ 2,899,562	₩ 8,667,844	₩ 2,815,566	₩ 8,369,888	\$ 2,403,682	\$ 7,185,480	\$ 2,334,051	\$ 6,938,480
<b>OPERATING EXPENSES</b>								
(Note 22):								
Labor cost	(75,095)	(311,405)	(102,514)	(323,731)	(62,252)	(258,149)	(84,982)	(268,367)
Commissions paid	(1,107,293)	(3,343,114)	(1,008,563)	(2,877,487)	(917,925)	(2,771,379)	(836,080)	(2,385,383)
Depreciation and amortization (Notes 6 and 7)	(471,915)	(1,255,638)	(443,319)	(1,215,252)	(391,209)	(1,040,900)	(367,503)	(1,007,421)
Network interconnection	(258,377)	(764,783)	(250,221)	(737,919)	(214,190)	(633,991)	(207,429)	(611,721)
Leased line	(94,291)	(294,122)	(95,287)	(291,550)	(78,165)	(243,822)	(78,991)	(241,689)
Advertising	(72,276)	(200,064)	(70,027)	(197,454)	(59,915)	(165,849)	(58,051)	(163,686)
Research and development	(51,885)	(155,206)	(53,388)	(15,782)	(43,012)	(128,663)	(44,258)	(125,824)
Rent	(60,645)	(170,552)	(52,046)	(148,788)	(50,274)	(141,384)	(43,145)	(123,342)
Frequency usage	(40,642)	(122,059)	(41,427)	(122,750)	(33,691)	(101,185)	(34,342)	(101,757)
Repair	(38,125)	(111,483)	(39,049)	(109,038)	(31,605)	(92,417)	(32,371)	(90,390)
Cost of goods sold	(15,445)	(53,477)	(19,885)	(46,836)	(12,804)	(44,331)	(16,484)	(38,826)
Other	(109,458)	(294,883)	(103,229)	(286,477)	(90,738)	(244,453)	(85,575)	(237,486)
Sub-total	(2,395,447)	(7,076,786)	(2,278,955)	(6,509,064)	(1,985,780)	(5,866,523)	(1,889,211)	(5,395,892)
<b>OPERATING INCOME</b>	504,115	1,591,058	536,611	1,860,824	417,902	1,318,957	444,840	1,542,588



OTHER INCOME:								
Interest income (Note 3)	21,356	61,840	19,587	54,415	17,704	51,264	16,237	45,109
Dividends	6,203	52,071	6,203	21,096	5,142	43,166	5,142	17,488
Rent income	5,958	19,481	6,122	21,096	4,939	16,149	5,142	17,488
Commissions (Note 22)	5,635	14,005	4,357	27,245	4,671	11,610	3,612	22,586
Reversal of allowance for doubtful accounts	105	242	37	476	87	201	31	395
Foreign exchange and translation gains	198,113	371,281	2,551	2,879	164,232	307,785	2,115	2,387
Equity in earnings of affiliates (Notes 2 and 4)	10,140	32,079	254,871	271,166	8,406	26,593	211,283	224,792
Gain on disposal of investment assets (Notes 3)		14,467	72	2,002		11,993	60	1,660
Gain on disposal of property and equipment and intangible assets	268	1,244	712	6,430	222	1,031	590	,330
Gain on transactions and valuation of currency swap (Note 24)	138,888	156,213	22,645	22,645	115,136	129,498	18,772	18,772

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	Korean won				Translation into U.S. dollars (Note 2)			
	2008		2007		2008		2007	
	Three months ended	Nine months ended	Three months ended	Nine months ended	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30	September 30	September 30	September 30	September 30	September 30	September 30	September 30
	(In millions except for per share data)				(In thousands except for per share data)			
Gain on conversion of convertible bonds			373,140	373,140			309,326	309,326
Gain on repayment of bonds			3,346	3,346			2,774	2,774
Other	4,476	10,779	5,838	9,180	3,711	8,935	4,773	7,609
Sub-total	391,142	733,702	699,481	815,116	324,250	608,225	579,857	675,716

(Continued)

**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

	Korean won				Translation into U.S. dollars (Note 2)			
	2008		2007		2008		2007	
	Three months ended	Nine months ended	Three months ended	Nine months ended	Three months ended	Nine months ended	Three months ended	Nine months ended
	September 30	September 30	September 30	September 30	September 30	September 30	September 30	September 30
	(In millions except for per share data)				(In thousands except for per share data)			
<b>OTHER EXPENSES:</b>								
Interest and discounts	(66,543)	(182,148)	(54,020)	(162,432)	(55,163)	(150,997)	(44,782)	(134,653)
Donations	(6,091)	(35,512)	(4,722)	(32,298)	(5,049)	(29,439)	(3,914)	(26,774)
Foreign exchange and translation losses	(58,930)	(102,925)	(14,887)	(15,333)	(48,852)	(85,323)	(12,341)	(12,711)
Loss on valuation of short-term investment securities	(1,448)	(3,607)			(1,200)	(2,990)		

(Note 3) Equity in losses of affiliates (Notes 2 and 4)	(51,974)	(168,868)	(63,984)	(174,069)	(43,085)	(139,988)	(53,042)	(144,300)
Impairment loss on investment securities			(2,036)	(4,386)			(1,688)	(3,636)
Loss on disposal of investment assets	(1,895)	(7,897)		(9)	(1,571)	(6,546)		(7)
Loss on disposal of property, equipment and intangible assets	(4,373)	(22,427)	(7,371)	(21,149)	(3,625)	(18,592)	(6,110)	(17,532)
Impairment loss on assets			(369)	(369)			(306)	(306)
Loss on transactions and valuation of currency swap (Note 24)	(242,728)	(352,662)	(17,791)	(19,559)	(201,217)	(292,350)	(14,748)	(16,214)
External research and development cost	(18,030)	(53,924)	(17,769)	(55,956)	(14,947)	(44,702)	(14,730)	(46,386)
Other	(1,539)	(6,799)	(1,955)	(7,749)	(1,276)	(5,637)	(1,621)	(6,425)
Sub-total	(453,551)	(936,769)	(184,904)	(493,309)	(375,985)	(776,564)	(153,282)	(408,944)
ORDINARY INCOME	441,706	1,387,991	1,051,188	2,182,631	366,167	1,150,618	871,415	1,809,360

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	Korean won				Translation into U.S. dollars (Note 2)			
	2008		2007		2008		2007	
	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30
	(In millions except for per share data)				(In thousands except for per share data)			
INCOME BEFORE INCOME TAX	441,706	1,387,991	1,051,188	2,182,631	366,167	1,150,618	871,415	1,809,360
PROVISION FOR INCOME TAX (Note 16)	(108,066)	(373,456)	(274,369)	(606,228)	(89,585)	(309,588)	(227,447)	(502,552)
NET INCOME (Note 17)	₩ 333,640	₩ 1,014,535	₩ 776,819	₩ 1,576,403	\$ 276,582	\$ 841,030	\$ 643,968	\$ 1,306,808
NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 18)	₩ 4,583	₩ 13,940	₩ 10,690	₩ 21,693	\$ 3.80	\$ 11.56	\$ 8.86	\$ 17.98
DILUTED NET INCOME PER SHARE (In Korean won and U.S. dollars) (Note 18)	₩ 4,539	₩ 13,798	₩ 10,502	₩ 21,338	\$ 3.76	\$ 11.44	\$ 8.71	\$ 17.69

See accompanying notes to non-consolidated financial statements.



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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total Stockholders equity
<b>(In millions of Korean won)</b>						
Balance, January 1, 2007	₩ 44,639	₩ 2,962,699	(₩ 2,019,568)	₩ 473,904	₩ 7,844,753	₩ 9,306,427
Cumulative effect of change in accounting policies (Notes 2 and 13)		(10,778)		239		(10,539)
Adjusted balance, January 1, 2007	44,639	2,951,921	(2,019,568)	474,143	7,844,753	9,295,888
Cash dividends					(508,672)	(508,672)
Interim dividends (Note 20)					(72,668)	(72,668)
Net income					1,576,403	1,576,403
Conversion of convertible bonds		(2,847)				(2,847)
Stock options		3,246	(3,246)			
Difference between the acquisition cost and the net book value incurred from the transactions between under common control companies		(25,392)				(25,392)
Loss on disposal of treasury stock (Note 15)			337			337
Unrealized gain on valuation of long-term investment securities (Notes 3 and 16)				721,539		721,539
Equity in other comprehensive income changes of affiliates, net (Notes 2, 4 and 16)				16,484		16,484
Loss on valuation of currency swap, net (Notes 16 and 24)				5,114		5,114
Loss on valuation of interest swap, net (Notes 16 and 24)				1,759		1,759
Balance, September 30, 2007	₩ 44,639	₩ 2,926,928	(₩ 2,022,477)	₩ 1,219,039	₩ 8,839,816	₩ 11,007,945
Balance, January 1, 2008	₩ 44,639	₩ 2,939,353	(₩ 2,041,578)	₩ 1,589,206	₩ 8,905,865	₩ 11,437,485
Cumulative effect of change in accounting policies (Note 2)		(15,432)		4,893		(10,539)

Adjusted balance, January 1, 2008	44,639	2,923,921	(2,041,578)	1,594,099	8,905,865	11,426,946
Cash dividends					(609,711)	(609,711)
Interim dividends (Note 20)					(72,793)	(72,793)
Net income					1,014,535	1,014,535
Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Notes 2 and 13)		(60,067)				(60,067)
Treasury stock (Note 15)			49,401			49,401
Loss on disposal of treasury stock (Note 15)			(6,275)			(6,275)
Unrealized loss on valuation of long-term investment securities, net (Notes 3 and 16)				(997,105)		(997,105)
Equity in other comprehensive income changes of affiliate, net (Notes 2, 4 and 16)				(23,068)		(23,068)
Loss on valuation of currency swap, net (Notes 16 and 24)				5,867		5,867
Loss on valuation of interest swap, net (Notes 16 and 24)				(1,454)		(1,454)
Balance, September 30, 2008	₩44,639	₩2,863,854	(₩1,998,452)	₩578,339	₩9,237,896	₩10,726,276

(Continued)

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**SK TELECOM CO., LTD.**  
**NON-CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)**  
**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Total Stockholders' equity
<b>(In thousands of U.S. dollars) (Note 2)</b>						
Balance, January 1, 2007	\$ 37,005	\$ 2,456,022	(\$1,674,183)	\$ 392,857	\$ 6,503,153	\$ 7,714,854
Cumulative effect of change in accounting policies (Notes 2 and 13)		(8,935)		198		(8,737)
Adjusted balance, January 1, 2007	37,005	2,447,087	(1,674,183)	393,055	6,503,153	7,706,117
Cash dividends					(421,680)	(421,680)
Interim dividends (Note 20)					(60,240)	(60,240)
Net income					1,306,808	1,306,808
Conversion of convertible bonds		(2,360)				(2,360)
Stock options		2,691	(2,691)			
Difference between the acquisition cost and the net book value incurred from the transactions between under common control companies		(21,049)				(21,049)
Loss on disposal of treasury stock (Note 15)			279			279
Unrealized gain on valuation of long-term investment securities, net (Notes 3 and 16)				598,142		598,142
Equity in other comprehensive income changes of affiliates, net (Notes 2, 4 and 16)				13,665		13,665
Loss on valuation of currency swap, net (Notes 16 and 24)				4,239		4,239
Loss on valuation of interest swap, net (Notes 16 and 24)				1,458		1,458
Balance, September 30, 2007	\$ 37,005	\$ 2,426,369	(\$1,676,595)	\$ 1,010,559	\$ 7,328,041	\$ 9,125,379
Balance, January 1, 2008	\$ 37,005	\$ 2,436,668	(\$1,692,430)	\$ 1,317,423	\$ 7,382,795	\$ 9,481,461
Cumulative effect of change in accounting policies (Note 2)		(12,793)		4,056		(8,737)
Adjusted balance, January 1, 2008	37,005	2,423,875	(1,692,430)	1,321,479	7,382,795	9,472,724
Cash dividends					(505,439)	(505,439)
Interim dividends (Note 20)					(60,343)	(60,343)
Net income					841,030	841,030
		(49,794)				(49,794)



Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Note 13)						
Treasury stock (Note 15)			40,953			40,953
Loss on disposal of treasury stock (Note 15)			(5,202)			(5,202)
Unrealized loss on valuation of long-term investment securities, net (Notes 3 and 16)				(826,582)		(826,582)
Equity in other comprehensive income changes of affiliates, net (Notes 2, 4 and 16)				(19,123)		(19,123)
Loss on valuation of currency swap, net (Notes 16 and 24)				4,863		4,863
Loss on valuation of interest swap, net (Notes 16 and 24)				(1,205)		(1,205)
Balance, September 30, 2008	\$ 37,005	\$ 2,374,081	(\$1,656,679)	\$ 479,432	\$ 7,658,043	\$ 8,891,882

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

**1. GENERAL**

SK Telecom Co., Ltd. (the Company) was incorporated in March 1984 under the laws of Korea to engage in providing nationwide cellular telephone communication services in the Republic of Korea. The Company's common shares and depositary receipts (DRs) are listed on the Stock Market of Korea Exchange (formerly Korea Stock Exchange) and the New York and London Stock Exchanges, respectively. As of September 30, 2008, the Company's total issued shares are held by the following:

	Number of shares	Percentage of total shares issued (%)
SK Group	18,748,452	23.09
POSCO Corp.	2,341,569	2.88
Institutional investors and other minority shareholders	51,702,982	63.68
Treasury stock	8,400,708	10.35
	81,193,711	100.00

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The non-consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea, using the same accounting policies which were adopted in preparing the annual financial statements with the exception of item 2b below.

## a. Basis of Presentation

The Company maintains its official accounting records in Korean won and prepares statutory non-consolidated financial statements in Korean language (Hangul) in conformity with the accounting principles generally accepted in the Republic of Korea (Korean GAAP). Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with accounting principles generally accepted in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying financial statements have been condensed, restructured and translated into English with certain expanded descriptions from the Korean language financial statements. Certain information included in the Korean language financial statements, but not required for a fair presentation of the Company's financial position, results of operations, changes in stockholders' equity or cash flows, is not presented in the accompanying financial statements.

The accompanying financial statements are stated in Korean won, the currency of the country in which the Company is incorporated and operates. The translation of Korean won amounts into U.S. dollar amounts is included solely for the convenience of readers of financial statements and has been made at the rate of ₩1,206.30 to US\$1.00, the Noon Buying Rate in the City of New York for cable transfers in Korean won as certified for customs purposes by the Federal Reserve Bank of New York on the last business day of the period ended September 30, 2008. Such translations into U.S. dollars should not be construed as representations that the Korean won amounts could be converted into U.S. dollars at that, or any other rate.

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b. Adoption of Amended Statements of Korea Accounting Standards ( SKAS )

The amended SKAS No. 15 Investments in Associates which is effective January 1, 2008, clarifies that parent company share of net income and net assets of investments in associates in the non-consolidated financial statements is required to agree to the parent's proportional shares in the consolidated financial statements except in the case that the application of equity method to the subsidiaries is suspended when the carrying amount of the equity securities of subsidiaries is below zero.

In accordance with the adoption of the amended SKAS No. 15 Investments in Associates, the difference between the additional investments and the Company's proportional shares of the investee's net assets when the ownership increases (decreases) by additional acquisition (disposal) without losing the control over the subsidiaries is recorded as capital surplus, which had been recorded as accumulated other comprehensive income (loss) through end of 2007.

In addition, the amended SKAS No.15 Investment in Associates is applied retroactively. Therefore, the 2007 financial statements presented comparatively are restated, which results in the decrease in equity securities accounted for using the equity method, capital surplus, other comprehensive income of affiliates and other comprehensive loss of affiliates as of December 31, 2007 by ₩10,539 million, ₩15,432 million, ₩7,824 million and ₩12,717 million, respectively.

c. Inventories

Inventories, which consist mainly of replacement units for wireless telecommunication facilities, supplies for sales promotion and merchandise for e-commerce business are stated at the lower of cost or market value, with cost determined using the moving average method. The Company maintains a perpetual inventory system, which is adjusted to physical inventory counts performed at year end. When the market value of inventories is less than the acquisition cost, the carrying amount is reduced to the market value and any difference is charged to current operations as operating expenses. There was no such loss for the three months and nine months ended September 30, 2008 and 2007. The Company did not perform physical inventory count on September 30, 2008.

d. Handset Subsidies

Effective April 1, 2008, the Telecommunication Business Act was revised to allow wireless carriers to provide handset subsidies to customers without any restrictions. As a result, the Company provides lump-sum handset subsidies to customers who agree to use the Company's service for the predetermined service period and the subsidies are charged to commission paid as the related payments are made. In case where the customers agree to use the Company's service for the predetermined service period and purchase handsets on installment basis, the subsidies are paid every month over the installment period and the Company provides provision for handset subsidies estimated to be paid based on the historical experience (See Note 23).

e. Valuation of Long-term Accounts Receivable Other

Long-term accounts receivable are stated at the present value of the expected future cash flows. Imputed interest amounts are recorded in present value discount accounts which are deducted directly from the related nominal receivable balances. Such imputed interest is included in operations using the effective interest rate method over the redemption period.

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## e. Long-term Accounts Receivable Other

With its application for a license to provide IMT 2000 service, the Company has a commitment to pay ₩1,300,000 million to the Ministry of Information Communication ( MIC → ₩650,000 million was paid in March 2001 by SK IMT Co., Ltd. (a former subsidiary of the Company), which was merged into the Company on May 1, 2003, and the remainder is required to be paid over 10 years with an annual interest rate equal to the 3-year-maturity government bond rate minus 0.75% (4.83% as of September 30, 2008). On March 20, 2008, ₩110,000 million was paid and the future payment obligations are ₩130,000 million in 2009, ₩150,000 million in 2010 and ₩170,000 million in 2011. On December 4, 2001, SK IMT Co., Ltd. received the IMT 2000 license from MIC, and recorded the total license cost (measured at present value) as an intangible asset. As a result of the merger with SK IMT Co., Ltd., the Company acquired such IMT license of ₩1,259,253 million and assumed the related long-term payable with principal amount of ₩650,000 million on May 1, 2003 (the date of merger). Amortization of the IMT license commenced when the Company started its commercial IMT 2000 service in December 2003, using the straight-line method over the estimated useful life of the IMT license which expires in December 2016. September 30, 2008, the present value discount related to the current portion and long-term portion of payments to be made to MIC totaled ₩1,742 million and ₩17,467 million, respectively.

**Table of Contents****3. INVESTMENT SECURITIES****a. Short-term Investment Securities**

Short-term investment securities as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008			December 31, 2007
	Acquisition cost	Fair value	Carrying amount	Fair value and carrying amount
Trading securities (Note a)	₩ 435,000	₩ 430,190	₩ 430,190	₩ 633,911
Current portion of long-term investment securities (Note b)	20,236	20,227	20,227	99,858
Total	₩ 455,236	₩ 450,417	₩ 450,417	₩ 733,769

(Note a) The Company's trading securities are all beneficiary certificates as of September 30, 2008, and the difference between the fair value and acquisition cost was recorded in other expenses as loss on valuation of short-term investment securities.

(Note b) The difference between the fair value and acquisition cost are accounted for as accumulated other comprehensive income in gain (loss) on valuation of available for sale equity

securities [see  
Note 3.b-(3)].

**b. Long-term Investment Securities**

Long-term investment securities as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008	December 31, 2007
Available-for-sale equity securities	₩ 3,530,476	₩ 4,675,021
Available-for-sale debt securities	27,123	466,230
Total	3,557,599	5,141,251
Less: current portion	(20,227)	(99,858)
Long-term portion	₩ 3,537,372	₩ 5,041,393

**Table of Contents****b-(1). Available-for-sale Equity Securities**

Available-for-sale equity securities as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008			Fair value	Carrying amount	
	Number of shares	Percentage (%)	Acquisition cost		September 30, 2008	December 31, 2007
<b>(Investments in listed companies)</b>						
Digital Chosunilbo Co., Ltd.	2,890,630	7.8	₩ 5,781	₩ 6,056	₩ 6,056	₩ 8,629
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated )					(Note a)	116,525
KRTnet Corporation	234,150	4.4	1,171	1,555	1,555	2,470
POSCO Corp.	2,481,310	2.8	332,662	1,096,739	1,096,739	1,426,753
DAEA TI Co., Ltd. (Formerly Comas Interactive Co., Ltd.)	99,120	0.2	1,695	124	124	228
extended Computing Environment Co., Ltd.	133,333	3.0	10	64	64	905
nTels Co., Ltd.	205,200	6.2	34	605	605	1,525
Qualcomm Inc.	55,805	0.1	2,756	2,848	2,848	2,060
China Unicom Ltd.	899,745,075	6.6	1,333,009	1,594,114	(Note b) 1,594,114	1,936,840
Sub-total			1,677,118	2,702,105	2,702,105	3,495,935
<b>(Investments in non-listed companies)</b>						
LG Powercomm Co., Ltd.	6,000,000	5.0	240,243	71,538	(Note c) 71,538	89,422
SK C&C Co., Ltd.	6,000,000	30.0	501,651	698,172	(Note d) 698,172	1,037,604
Eonex Technologies Inc.	144,000	12.3	3,600	(Note e)	4,593	4,593

The Korea Economic Daily	2,585,069	13.8	13,964(Note e)	13,964	13,964
Others			124,718(Notes e&f)	26,837	16,700
Sub-total			884,176	815,104	1,162,283
<b>(Investments in funds)</b>					
Others			13,267(Note e)	13,267	16,803
Sub-total			13,267	13,267	16,803
Total			₩ 2,574,561	₩ 3,530,476	₩ 4,675,021

(Note a) In the first quarter of 2008, the Company acquired additional 91,406,249 shares of SK Broadband Co., Ltd. (formerly hanarotelecom incorporated) common stock which increased the Company's ownership from 4.6% to 43.4%. As the Company's ownership in such investees increased to more than 20% and the Company can exercise significant influence, the investment in common stock of SK Broadband Co., Ltd. was reclassified to equity securities accounted for using the equity method from available-for-sale



equity securities.

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(Note b) In accordance with the resolution of the Company's board of directors on August 20, 2007, convertible bonds of China Unicom Ltd. were converted into common stock and reclassified to available-for sale equity securities from available-for-sale debt securities.

(Note c) The Company recorded its investments in common stock of LG Powercomm Co., Ltd. at its fair value, which was estimated by assistance of an outside professional valuation company using the present value of expected future cash flows and the unrealized loss on valuation of investments amounting to ₩122,311 million (net of tax effect of ₩46,394 million) and ₩109,345 million (net of tax effect of ₩41,476 million) as of September 30,

2008 and  
December 31,  
2007,  
respectively, were  
recorded as  
accumulated  
other  
comprehensive  
loss.

(Note d) The investment in  
common stock of  
SK C&C Co.,  
Ltd. was  
reclassified to  
available-for-sale  
securities from  
equity securities  
accounted for  
using the equity  
method during the  
three months  
ended  
December 31,  
2007, as SK C&C  
Co., Ltd. became  
the ultimate  
parent company  
of the Company.  
The Company  
recorded its  
investments in  
common stock of  
SK C&C Co.,  
Ltd. at its fair  
value, which was  
estimated with the  
assistance of an  
outside  
professional  
valuation  
company using  
the present value  
of expected future  
cash flows and  
the unrealized  
gain on valuation  
of investments  
totals  
₩255,067 million  
(net of tax effect

of  
~~₩~~96,749 million)  
and  
~~₩~~501,155 million  
(net of tax effect  
of  
~~₩~~190,093 million)  
as of  
September 30,  
2008 and  
December 31,  
2007,  
respectively.

(Note e) As a reasonable estimate of fair value could not be made, the investment is stated at acquisition cost. The investment in common stock of Eonex Technologies Inc. was reclassified to available-for-sale securities from equity securities accounted for using the equity method during the year ended December 31, 2003, as the Company's ownership in such investees decreased to less than 20% and the Company no longer exercises significant influence. Such securities were transferred to available-for-sale securities at the carrying amount valued using the

equity method of accounting prior to the reclassification.

(Note f) During the year ended December 31, 2007, the investment in common stock of Pantech Co., Ltd. was reclassified to available-for-sale equity securities from equity securities accounted for using the equity method as the Company no longer exercise significant influence over the investee as a result of Pantech's 20 to 1 stock consolidation and stock issuances which resulted in the decrease in the Company's ownership to 0.5% from 22.7%. In addition, the carrying amount of the investment as of September 30, 2008 is nil.

**Table of Contents****b-(2). Available-for-sale Debt Securities**

Available-for-sale debt securities as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

		Acquisition cost	Carrying amount September 30, 2008	December 31, 2007
Public bonds	(Note a)	₩ 1,319	₩ 1,319	₩ 51,341
Currency stabilization bonds	(Note b)	19,995	19,986	49,713
Closed beneficiary certificates (Note c)	October, 2009	4,750	4,818	4,787
Bond-type beneficiary certificates	(Note d)			359,389
Convertible bonds of Eonex Technologies, Inc.	October, 2008	1,000	1,000	1,000
Total		27,064	27,123	466,230
Less: current portion		(20,236)	(20,227)	(99,858)
Long-term available-for-sale debt securities		₩ 6,828	₩ 6,896	₩ 366,372

The interest income incurred from available-for-sale debt securities for the nine months ended September 30, 2008 and 2007, and for the three months ended September 30, 2008 and 2007 were ₩3,710 million and ₩3,585 million, ₩954 million and ₩1,233 million, respectively.

(Note a) The maturities of public bonds as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

Maturity	September 30, 2008	December 31, 2007
Within one year	₩ 241	₩ 50,145
Within five years	1,078	1,196
	₩ 1,319	₩ 51,341

(Note b) The maturities of currency stabilization bonds as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

Maturity	September 30, 2008	December 31, 2007
Within one year	₩ 19,986	₩ 49,713



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(Note c) Returns on the closed beneficiary certificates were accounted for as interest income.

(note d) The maturities of bond-type beneficiary certificates as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

Maturity	September 30, 2008	December 31, 2007
Within five years	₩	₩ 359,389

Bond-type beneficiary certificates (acquisition cost: KRW350,000 million) were all disposed during the nine months ended September 30, 2008 and the Company recorded KRW 14,467 million of gain on disposal of investment assets.

**b-(3). Changes in Unrealized Gains (Losses) on Investments in Equity and Debt Securities**

The changes in unrealized gains (losses) on investments in equity and debt securities for the nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

	For the nine months ended September 30, 2008			
	Beginning balance	Increase (decrease)	Transferred to realized gain (loss)	Ending balance
Available-for-sales securities:				
Digital Chosunilbo Co., Ltd.	₩ 2,847	(₩2,572)	₩	₩ 275
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)	(5,152)		5,152	
KRTnet Corporation	1,300	(916)		384
POSCO Corp.	1,094,091	(330,014)		764,077
DAEA TI Co., Ltd. (formerly Comas Interactive Co., Ltd.)	(1,466)	(105)		(1,571)
extended Computing Environment Co., Ltd.	895	(841)		54
nTels Co., Ltd.	1,490	(919)		571
Qualcomm Inc. Ltd.	(696)	788		92
China Unicom Ltd.	599,012	(679,615)		(80,603)
LG Powercomm Co., Ltd.	(150,820)	(17,885)		(168,705)
SK C&C Co., Ltd.	691,248	(339,432)		351,816
Eonex Technologies Inc.	2,011			2,011
Public bonds	(205)	205		
Currency stabilization bonds	(235)	226		(9)
Beneficiary certificates	9,389	(9,389)		
Sub-total	2,243,709	(1,380,469)	5,152	868,392
Less tax effect	(617,020)	379,629	(1,417)	(238,808)
Total	₩ 1,626,689	(₩1,000,840)	₩ 3,735	₩ 629,584





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	For the nine months ended September 30, 2007			
	Beginning	Increase/	Transferred to	Ending
	balance	(decrease)	realized	balance
			gain (loss)	
Available-for-sales securities:				
Digital Chosunilbo Co., Ltd.	₩ 116	₩ 896	₩	₩ 1,012
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)	(33,096)	9,720		(23,376)
KRTnet Corporation	1,346	316		1,662
China Unicom Ltd.		396,474		396,474
POSCO Corp.	434,063	903,197		1,337,260
Comas Interactive Co., Ltd. (Formerly INNOTG Co., Ltd.)	(1,611)	110		(1,501)
extended Computing Environment Co., Ltd.	866	(40)		826
LG Powercomm Co., Ltd.	(159,873)			(159,873)
Eonex Technologies Inc.	2,011			2,011
Currency stabilization bonds	12	(214)		(202)
Public bonds	(5)	(190)		(195)
Convertible bonds of China Unicom Ltd.	319,648	208,095	(527,743)	
Beneficiary certificates		4,606		4,606
Sub-total	563,477	1,522,970	(527,743)	1,558,704
Less: tax effect	(154,956)	(418,817)	145,129	(428,644)
Total	₩ 408,521	₩ 1,104,153	(₩382,614)	₩ 1,130,060

**Table of Contents****4. EQUITY SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD**

Equity securities accounted for using the equity method of accounting as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008				Carrying Amount	
	Number of shares	Ownership percentage (%)	Acquisition cost	Net asset value	September 30, 2008	December 31, 2007
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)	102,451,249	43.4	₩ 1,209,629	₩ 636,713	(Note a) ₩ 1,181,138	₩
SK Communications Co., Ltd.	28,029,945	64.8	175,441	140,683	152,723	149,850
SK Telink Co., Ltd.	943,997	90.8	5,296	109,034	109,034	97,136
SK Marketing & Company Co., Ltd.	5,000,000	50.0	190,000	102,348	(Note b) 102,348	
SK Wyverns Baseball Club Co., Ltd.	199,997	100.0	1,000			
Paxnet Co., Ltd.	5,590,452	59.7	26,563	14,798	30,085	30,237
Global Credit & Information Co., Ltd.	300,000	50.0	2,410	3,306	3,820	3,851
TU Media Corp.	28,538,064	44.2	206,980	17,418	(Note c) 17,418	5,527
Aircross Co., Ltd.	1,575,000	100.0	2,440	5,010	5,010	5,967
IHQ, Inc.	14,960,784	37.1	51,846	14,709	29,852	38,911
Ntreev Soft Co., Ltd.	2,064,970	66.7	33,120	8,197	8,941	13,220
Baba Club					(Note d)	1,733
Commerce Planet Co., Ltd.	26,396	100.0	14,344	4,289	(Note d) 7,580	6,266
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	9,582,321	60.0	27,874	17,814	19,242	21,415
Harex Info Tech, Inc.	225,000	21.2	3,375	417	855	1,118
SK Mobile		20.0	4,930	2,110	(Note e) 2,110	3,272
SKT Vietnam PTE Ltd.	180,476,700	73.3	191,273	111,045	111,045	101,412
Skytel Co., Ltd.	1,756,400	26.4	2,159	7,744	7,744	7,797
SK China Company Ltd.		20.7	3,195	1,222	137	
SK Telecom China Co., Ltd.		100.0	7,340	7,157	7,157	7,154
TR Entertainment	13,542,553	42.2	10,953	2,954	(Note f) 10,214	
ULand Company Ltd.	14,100,100	70.1	17,511	5,224	9,275	5,290
SK Telecom USA Holdings, Inc.	1,000	100.0	435,766	83,656	(Note g) 83,656	63,023
	109	100.0	17,467	27,190	27,190	26,454

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SKT Americas, Inc. (formerly SK Telecom International, Inc.)							
SK Telecom China Holding Co., Ltd.		100.0	23,293	30,577	(Note c)	30,577	19,070
SK USA, Inc.	49	49.0	3,184	3,140		3,140	3,140
Helio, LLC.	794,375	0.5	1,342	116		116	333
Korea IT Fund	190	63.3	190,000	214,517		214,517	210,568
Centurion IT Investment Association					(Note h)		2,463
1st Music Investment Fund of SK-PVC	1,385	69.3	6,925	5,607		5,607	5,607
2nd Music Investment Fund of SK-PVC	1,585	79.3	7,925	8,179		8,179	8,517
SK-KTB Music Investment Fund	297	74.3	14,850	13,878		13,878	13,367
IMM Cinema Fund	120	45.6	12,000	8,364		8,364	9,089
Michigan Global Cinema Fund	40	36.4	4,000	3,542		3,542	3,542
3rd Fund of Isu Entertainment	25	31.3	2,500	1,690		1,690	1,690
Cyworld China Holdings	10,500,000	53.8	10,272	4,041	(Note i)	4,041	
Magic Tech Network	4,500	30.0	8,384	2,313	(Note j)	8,081	
SKT Global Investment B.V.I.O.		100.0	26,044	26,044	(Note k)	26,044	
SKY Property Mgmt. Ltd.		50.4	178,427	178,427	(Note l)	178,427	
Other investments in affiliates			37,129		(Note m)	37,129	21,614
Total			₩ 3,167,187			₩ 2,469,906	₩ 888,633

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- (Note a) During the nine months ended September 30, 2008, the Company acquired additional 91,406,249 common shares of SK Broadband Co., Ltd. (formerly hanarotelecom incorporated) which increased the Company's ownership from 4.6% to 43.4%. As the Company's ownership in SK Broadband Co., Ltd. (formerly hanarotelecom incorporated) increased to more than 20% and the Company can exercise significant influence, the investment in common stock of hanarotelecom incorporated was reclassified to equity securities accounted for using the equity method from available-for-sale equity securities.
- (Note b) During the nine months ended September 30, 2008, the Company acquired 5,000,000 shares of SK Marketing & Company Co., Ltd. As a result, the Company holds 50.0% ownership in SK Marketing & Company Co. Ltd.
- (Note c) During the nine months ended September 30, 2008, the Company additionally invested ₩55,000 million in TU Media Corp. which increased the Company's ownership from 32.7% to 44.2% and invested ₩4,223 million in SK Telecom China Holding Co., Ltd.
- (Note d) During the nine months ended September 30, 2008, Baba Club was merged into Commerce Planet Co., Ltd.
- (Note e) During the nine months ended September 30, 2008, the Company additionally invested ₩2,004 million (7%) and 30% of its shares of SK Mobile were sold. As a result, the Company recorded a loss of ₩2 million.
- (Note f) During the nine months ended September 30, 2008, the Company acquired 13,542,553 shares of TR Entertainment. As a result, the Company holds 42.2% ownership in TR Entertainment.
- (Note g) In 2005, the Company incorporated SK Telecom USA Holdings, Inc. with an investment of US\$122 million in order to invest in and manage Helio, Inc., a joint venture company in the United States of America, which was established in order to provide wireless telecommunication services in the United States of America. In addition, the Company invested an additional US\$ 99.26 million and US\$ 79.5 million in SK Telecom USA Holdings, Inc. for the nine months ended September 30, 2008 and 2007, respectively.
- (Note h) During the nine months ended September 30, 2008, Centurion IT Investment Association was fully liquidated.
- (Note i) During the nine months ended September 30, 2008, the Company acquired 10,500,000 shares of Cyworld China Holdings. As a result, the Company holds 53.8% ownership in Cyworld China Holdings.
- (Note j) During the nine months ended September 30, 2008, the Company acquired 4,500 shares of Magic Tech Network. As a result, the Company holds 30.0% ownership in Magic Tech Network.

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- (Note k) During the nine months ended September 30, 2008, the Company established in SKT Global Investment B.V.I.O. and holds 100% ownership for the investee.
- (Note l) During the nine months ended September 30, 2008, the Company acquired 50.4% of equity interest in SKY Property Mgmt Ltd.
- (Note m) As allowed under Korean GAAP, investments in equity securities of SK Telecom Europe Limited and others were stated at their acquisition cost instead of amount valued using the equity method of accounting, as changes in the Company's portion of stockholders' equity of such investees were not expected to be material.

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Details of the changes in investments in affiliates accounted for using the equity method for the three months and nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

		For the nine months ended September 30, 2008							Ending balance
		Beginning balance	Acquisition	Equity in earnings (losses)	Equity in capital surplus and capital adjustments	Capital Surplus	Dividend received	Other increase (decrease)	
Broadband Ltd. erly telecom (Incorporated)	(Notes a and d)	₩	₩ 1,093,104	(₩31,964)	₩ 3,473	₩	₩	₩ 116,525	₩ 1,181,138
Communications Ltd.	(Note a)		149,850	(5,991)	8,864				152,713
Link Co.,	(Notes a and c)		97,136	17,905	(60)		(5,947)		109,034
Marketing & Company Co.	(Note a)		190,000	6,226	(93,878)				102,348
Gyverns Ball Club Ltd.	(Note b)			(989)					
et Co., Ltd.	(Notes a and c)		30,237	(111)	406		(447)		30,115
l Credit & ation Co.,	(Note b)		3,851	(31)					3,820
edia Corp. oss Co.,	(Notes a and h)		5,527	55,000	(12,467)		(30,642)		17,418
	(Note b)		5,967	(939)	(18)				5,010
nc. v Soft Co.,	(Note a)		38,911	(8,657)	(402)				29,852
	(Note a)		13,221	(4,418)	138				8,941
Club	(Notes b and e)		1,733					(1,733)	
erence Planet Ltd.	(Notes b and e)		6,266	(419)				1,733	7,580
ainment, erly Seoul ds, Inc.) Info Tech,	(Note a)		21,415	562	(2,735)				19,242
	(note b)		1,118	(263)					855
obile Vietnam	(Notes b and g)		3,272	2,004				(3,166)	2,110
Ltd.	(Notes a and h)		101,412	(14,635)	24,339	(71)			111,045

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Co., Ltd.	(Note b)	7,797		(52)	(1)		
China							
Company Ltd.	(Note b)			54	83		
Telecom							
Co., Ltd.	(Note b)	7,154		3			
Entertainment	(Note a)		10,954	(1,318)	578		
and Company							
	(Note a)	5,290		2,367	1,618		
Telecom							
Holdings,							
Americas,	(Notes a and h)	63,023	99,141	(83,282)	27,762	(22,988)	
Formerly SK							
Telecom							
International,							
	(Note b)	26,454		431	305		
Telecom							
Holding							
Co., Ltd.	(Note a)	19,070	4,223	(980)	8,264		
SA, Inc.	(Note b)	3,140					
LLC &	(Notes a, b and h)						
		333		(572)	15	340	
IT Fund	(Note a)	210,568		4,530	(581)		
Corporation IT							
Investment							
Association	(Note f)	2,463				(2,463)	
Music							
Investment Fund							
-PVC	(Note b)	5,607					
Music							
Investment Fund							
-PVC	(Note b)	8,517		(338)			
TB Music							
Investment Fund	(Note a)	13,367		(412)	923		
Cinema							
	(Note a)	9,089		(725)			
Wan Global							
Investment Fund	(Note b)	3,542					
Group of Isu							
Entertainment	(Note b)	1,690					
World China							
Investments	(Notes b and h)		10,272			(6,231)	
Electronic Tech							
Network	(Note b)		8,384	(303)			
Global							
Investment							
Co., Ltd.	(Note b)		26,044				
Property							
Co., Ltd.	(Note b)		178,427				



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	₩ 867,020	1,677,553	(136,788)	(20,907)	(59,592)	(6,394)	110,896	₩ 2,432
six months June 30,		1,428,117	(94,954)	(104,211)	(30,373)	(6,394)	114,062	
months September 30,		₩ 249,436	(₩ 41,834)	₩ 83,304	(₩ 29,219)	₩	(₩ 3,166)	

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- (Note a) Investments were recorded using the equity method of accounting based on unaudited and unreviewed financial statements as of and for the nine months ended September 30, 2008. In order to verify the reliability of such unaudited and unreviewed financial statements, the Company has performed the following procedures and found no significant errors:
- i) obtained the signature from the chief executive officer of the equity method investee asserting that the unaudited and unreviewed financial statements are accurate
  - ii) checked whether the major transactions identified by the Company, including public disclosures, were appropriately reflected in the unaudited and unreviewed financial statements
  - iii) performed an analytical review on the unaudited and unreviewed financial statements
- (Note b) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2007 as information as of September 30, 2008 was not available and the change in the Company's portion of stockholders' equity of the investee for the nine months ended September 30, 2008 was immaterial.
- (Note c) The Company received dividends from SK Telink Co., Ltd. and Paxnet Co., Ltd., which were deducted from the carrying amount of equity method securities.
- (Note d) Other increase in investments in SK Broadband Co., Ltd. (formerly hanarotelecom incorporated) represents the reclassification from available-for-sale securities to equity securities accounted for using the equity method.
- (Note e) Other increase (decrease) in investments in Commerce Planet Co., Ltd. (Baba Club) resulted from the merger of Baba Club into Commerce Planet Co., Ltd.
- (Note f) Other decrease in investments in Centurion IT Investment Association represents the collection of the Company's investment from the full liquidation of Centurion IT Investment Association.
- (Note g) Other decrease in investments in equity securities of SK Mobile represent disposal.
- (Note h) The increase (decrease) of capital surplus of TU Media Corp., SKT Vietnam PTE Ltd., SK Telecom USA Holdings, Inc., Helio, Inc. and Cyworld China Holdings resulted from the difference between the changed amount of investments and net assets proportional to the Company's equity ratio as a result of the change in the Company's ownership percentage of the investees.

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	For the nine months ended September 30, 2007							
	Beginning balance	Acquisition	Equity in earnings (losses)	Equity in capital surplus and and capital adjustments	Capital Surplus	<b>Dividend received</b>	Other increase (decrease)	Ending balance
SK Telecommunications Co., Ltd	₩ 167,736	₩	(₩21,630)	₩ 21,011	₩	₩	₩	₩ 167,117
SK Telink Co., Ltd.	86,284		9,454	(198)		(4,493)		91,047
SK C&C Co., Ltd.	272,554		253,111	4,391		(1,260)		528,796
SK TIC Ventures Co., Ltd. (Note a)	8,651		(40)	(239)			(8,372)	
SK Taxnet Co., Ltd.	30,807		107	6		(727)		30,193
SK Global Credit & Information Co., Ltd. (Note a)	3,704		(31)					3,673
SK U Media Corp. SK Circross Co., Ltd. (Note a)	7,016	32,368	(17,434)	(36)			334	22,244
SK HQ, Inc.	1,713	2,140	(235)					3,618
SK Treev Soft Co., Ltd.	38,938	10,000	(7,894)	5,850	(4,803)		(2)	42,089
SK Kaba Club (Note a)		33,120	1,593	(1,638)	(5,188)		(15,400)	12,487
SK Commerce Planet Co., Ltd. (Note a)		3,970	(245)				(1,994)	1,731
SK Doen Entertainment, Inc.		10,373	(431)				(4,098)	5,844
SK (formerly Seoul Records, Inc.)	25,995		(2,984)	(270)				22,741
SK Carex Info Tech, Inc. (Note a)	1,835		(293)					1,542
SK Mobile	4,643		(956)	106				3,793
SK KT Vietnam TE Ltd.	118,100		(11,136)	(1,012)				105,952
SK Kytel Co., Ltd. (Note a)	6,009		170	(356)		(654)		5,169
SK China Company Ltd. (Note a)	93		(112)	19				
SK Telecom China Co., Ltd. (Note a)	6,536		(24)					6,512
SK Land Company Limited.	6,761		(2,565)	289				4,485
SK Telecom SA Holdings,	77,786	73,536	(105,142)	(101)				46,079

nc.								
KT Americas, Inc., formerly SK Telecom International, Inc.)		25,146	831	(294)				25,683
SK Telecom China Holding Co., Ltd. (Note a)			4,168					4,168
SK USA, Inc. (Note a)		2,969		48	(1)			3,016
Delio, Inc.		1,100	242	(1,412)	2		68	
Korea IT Fund		193,060		5,854	(761)			198,153
Century IT Investment Association (Note a)		3,262		(64)	(477)		(900)	1,821
Investment Fund of SK-PVC and Music (Note a)		7,186						7,186
Investment Fund of SK-PVC (Note a)		8,238						8,238
SK-KTB Music Investment Fund		15,311		(226)	(1,356)			13,729
MM Cinema Fund		11,569		(1,217)	27			10,379
Michigan Global Cinema Fund (Note a)		3,773						3,773
World Fund of Isu Entertainment (Note a)		2,419						2,419
Total		₩ 1,139,194	169,917	97,097	24,962	(9,991)	(7,134)	(30,364) ₩ 1,383,688
Less six months ended June 30, 2007			52,793	(93,790))	198,597	(9,991)	(7,134)	(376)
Three months ended September 30, 2007		₩ 117,124	₩ 190,887	(₩173,635)	₩	₩		(₩29,988)

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(Note a) Investments in equity securities are carried using the equity method of accounting based on the financial statements as of December 31, 2006 as information as of September 30, 2007 was not available and the change in the Company's portion of stockholders' equity of the investee for the nine months ended September 30, 2007 was immaterial.

Details of changes in the differences between the acquisition cost and net asset value of equity method investees at the acquisition date for the three months and nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

	For the nine months ended September 30, 2008			
	Beginning balance	Increase (decrease)	Amortization	Ending balance
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)	₩	₩ 565,174	(₩20,749)	₩ 544,425
SK Communications Co., Ltd.	21,019	(8,005)	(669)	12,345
Paxnet Co., Ltd.	16,091		(804)	15,287
Global Credit & Information Co., Ltd.	545		(32)	513
IHQ, Inc.	19,274		(4,130)	15,144
Ntreev Soft Co., Ltd.	1,282	(92)	(446)	744
Baba Club	2,504	(2,504)		
Commerce Planet Co., Ltd.	3,950		(658)	3,292
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	2,039		(612)	1,427
Harex Info Tech, Inc.	701		(263)	438
Uland Company Ltd.	4,245		(193)	4,052
TR Entertainment		8,066	(807)	7,259
Magic Tech Network		6,071	(303)	5,768
<b>Total</b>	<b>₩ 71,650</b>	<b>568,710</b>	<b>(29,666)</b>	<b>₩ 610,694</b>
Less six months ended June 30, 2008		569,224	(12,657)	
Three months ended September 30, 2008		(₩514)	(₩17,009)	

	For the nine months ended September 30, 2007			
	Beginning balance	Increase	Amortization	Ending balance
SK Communications Co., Ltd.	₩ 22,417	₩	(₩1,048)	₩ 21,369
SK C&C Co., Ltd.	4,464		(304)	4,160
Paxnet Co., Ltd.	17,164		(804)	16,360
Global Credit & Information Co., Ltd.	587		(31)	556
TU Media Corp.	784	9,572	(1,083)	9,273
IHQ, Inc.	24,780		(4,130)	20,650
Baba Club (Note)		2,888	(245)	2,643

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Philio Co., Ltd.		4,601	(431)	4,170
Seoul Records, Inc.	2,855		(612)	2,243
Harex Info Tech, Inc.	1,051		(263)	788
SKT Vietnam PTE Ltd. (Formerly SLD Telecom PTE. Ltd).	384		(16)	368
ULand Company Ltd.	4,502		(193)	4,309
Helio, Inc.		38	(38)	
Total	₩ 78,988	17,099	(9,198)	₩ 86,889
Less six months ended June 30, 2007		9,610	(5,540)	
Three months ended September 30, 2007		₩ 7,489	(₩3,658)	

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Details of changes in unrealized inter-company gains incurred from sales of assets for the three months and nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

Subsidiary	For the nine months ended September 30, 2008			
	Beginning balance	Increase	Decrease	Ending balance
SK Communications Co., Ltd.	₩ 2,192	₩	(₩1,888)	₩ 304
Uland Company Limited.	2,981		(2,981)	
SK China Company Ltd.	1,086			1,086
Total	₩ 6,259		(4,869)	₩ 1,390
Less six months ended June 30, 2008			(4,834)	
Three months ended September 30, 2008		₩	₩ 35	

Subsidiary	For the nine months ended September 30, 2007			
	Beginning balance	Increase	Decrease	Ending balance
SK Communications Co., Ltd.	₩ 2,913	₩ 263	(₩764)	₩ 2,412
Uland Company Limited.		4,051		4,051
SK China Company Ltd.	1,086			1,086
Total	₩ 3,999	4,314	(764)	₩ 7,549
Less six months ended June 30, 2007		4,314	(545)	
Three months ended September 30, 2007		₩	(₩219)	

Details of market price of the equity securities accounted for using the equity method as of September 30, 2008 are as follows (In millions of Korean won, except for market price per share):

	Market price per share	Shares owned by the	Market price
	(In Korean won)	Company	
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)	₩ 6,260	102,451,249	₩641,345
IHQ, Inc.	1,605	14,960,784	24,012
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	4,015	9,582,321	38,473

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The condensed financial information of the investees as of and for the nine months ended September 30, 2008 is as follows (In millions of Korean won):

	Total Assets	Total liabilities	Revenue	Net income (loss)
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated )	₩2,780,870	₩1,314,434	₩1,419,316	(₩32,571)
SK Communications Co., Ltd.	303,112	86,078	164,225	(11,354)
SK Telink Co., Ltd.	184,232	64,110	199,242	19,650
SK Marketing & Company Co. Ltd.	590,096	385,399	63,944	12,453
Paxnet Co., Ltd.	35,506	10,734	24,832	1,273
TU Media Corp.	303,865	264,417	85,722	(31,570)
IHQ, Inc.	57,711	18,055	35,714	(11,989)
Ntreev Soft Co., Ltd.	20,522	8,231	1,805	(418)
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	47,299	17,608	23,245	2,642
SKT Vietnam PTE., Ltd.	178,726	27,273	31	(20,389)
TR Entertainment	7,654	653		(1,212)
ULand Company Limited	9,048	1,601	3,701	(1,344)
SK Telecom USA Holdings, Inc.	83,669	13		(87,306)
SK Telecom China Holdings	44,492	13,915	7,268	(980)
Korea IT Fund	338,711		15,021	7,153
SKT-KTB Music Investment Fund	18,790	81	831	(555)
IMM Cinema Fund	18,331		112	(1,590)

**5. LOANS TO EMPLOYEES**

Short-term and long-term loans to employees as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008 (Note)			December 31, 2007 (Note)
	Short-term	Long-term	Total	
Loans to employees stock ownership association	₩ 1,389	₩ 60,248	₩ 61,637	₩ 34,816
Loans to employees for housing and other	61	62	123	190
<b>Total</b>	<b>₩ 1,450</b>	<b>₩ 60,310</b>	<b>₩ 61,760</b>	<b>₩ 35,006</b>

(Note) On December 26, 2007 and January 23, 2008, the Company loaned ₩31,017 million and ₩29,676 million, respectively, to employees stock ownership association to help fund employees acquisition of the Company s treasury stocks. The loan will be repaid over a period of five years, beginning on the second anniversary of each loan date.



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Property and equipment as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	Useful lives  (years)	September 30, 2008	December 31, 2007
Land		₩ 446,094	₩ 444,252
Buildings and structures	30,15	1,502,635	1,496,535
Machinery	6	12,863,541	12,395,823
Vehicles	4	20,323	22,541
Other	4	1,024,415	942,375
Construction in progress		352,320	292,134
		16,209,328	15,593,660
Less: accumulated depreciation		(11,744,004)	(10,999,247)
Property and equipment, net		₩ 4,465,324	₩ 4,594,413

The standard value of land declared by the government as of September 30, 2008 and December 31, 2007 are ₩597,765 million and ₩547,524 million, respectively.

Details of change in property and equipment for the three months and nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

	Beginning balance	For the nine months ended September 30, 2008				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 444,252	₩ 96	(₩893)	₩ 2,639	₩	₩ 446,094
Buildings and structures	1,054,484	4,704	(965)	2,897	(42,067)	1,019,053
Machinery	2,495,252	18,168	(3,113)	688,633	(893,960)	2,304,980
Vehicles	3,196	91	(239)		(1,354)	1,694
Other	305,095	716,958	(15,438)	(593,203)	(72,229)	341,183
Construction in progress	292,134	247,300	(4,837)	(182,277)		352,320
Total	₩4,594,413	987,317	(25,485)	(81,311)	(1,009,610)	₩4,465,324
Less six months ended June 30, 2008		584,930	(19,753)	(63,858)	(620,056)	
Three months ended September 30, 2008		₩ 402,387	(₩5,732)	(₩17,453)	(₩389,554)	

	For the nine months ended September 30, 2007					Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 462,393	₩ 451	(₩14,695)	₩ 1,347	₩	₩ 449,496
Buildings and structures	1,101,232	2,357	(1,178)	2,900	(41,928)	1,063,383
Machinery	2,346,517	45,785	(5,908)	769,845	(863,558)	2,292,681
Vehicles	2,341	1,550	(66)	91	(1,341)	2,575
Other	374,962	731,533	(12,640)	(624,261)	(75,900)	393,694
Construction in progress	130,667	347,921	(369)	(211,443)		266,776
<b>Total</b>	<b>₩4,418,112</b>	<b>1,129,597</b>	<b>(34,856)</b>	<b>(61,521)</b>	<b>(982,727)</b>	<b>₩4,468,605</b>
Less six months ended June 30, 2007		698,023	(31,930)	(50,671)	(616,878)	
Three months ended September 30, 2007		₩ 431,574	(₩2,926)	(₩10,850)	(₩365,849)	

**Table of Contents****7. INTANGIBLE ASSETS**

Intangible assets as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008			December 31, 2007		
	Acquisition cost	Accumulated amortization	Carrying amounts	Acquisition cost	Accumulated amortization	Carrying amounts
Goodwill	₩ 2,341,625	(₩869,789)	₩ 1,471,836	₩ 2,341,625	(₩772,378)	₩ 1,569,247
Frequency use rights	1,385,120	(512,217)	872,903	1,385,120	(424,818)	960,302
Software development costs	210,843	(200,893)	9,950	207,173	(194,144)	13,029
Computer software	1,123,310	(594,208)	529,102	1,036,432	(450,858)	585,574
Other	132,783	(80,552)	52,231	120,907	(74,117)	46,790
	₩ 5,193,681	(₩2,257,659)	₩ 2,936,022	₩ 5,091,257	(₩1,916,315)	₩ 3,174,942

Details of changes in intangible assets for the three months and nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

	Beginning balance	For the nine months ended September 30, 2008				Ending balance
		Increase	Decrease	Transfer	Amortization	
Goodwill	₩ 1,569,247	₩	₩	₩	(₩97,411)	₩ 1,471,836
Frequency use rights	960,302				(87,399)	872,903
Software development costs	13,029			4,775	(7,854)	9,950
Computer software	585,574	14,289	(1,761)	75,309	(144,309)	529,102
Other	46,790	10,735	(151)	1,552	(6,695)	52,231
Total	₩ 3,174,942	25,024	(1,912)	81,636	(343,668)	₩ 2,936,022
Less six months ended June 30, 2008		11,568	(137)	64,062	(228,117)	
Three months ended September 30, 2008		₩ 13,456	(₩1,775)	₩ 17,574	(₩115,551)	

	Beginning balance	For the nine months ended September 30, 2007				Ending balance
		Increase	Decrease	Transfer	Amortization	
Goodwill	₩ 1,692,222 1,076,833	₩	₩	₩ 6,093 (Note)	(₩96,598) (87,398)	₩ 1,601,717 989,435

Frequency use rights						
Software development costs	40,707		(2,755)	957	(19,432)	19,477
Computer software	555,103	18,988	(4,734)	71,503	(116,856)	524,004
Other	40,294	10,709	(423)	113	(5,191)	45,502
Total	<del>₩</del> 3,405,159	29,697	(7,912)	78,666	(325,475)	<del>₩</del> 3,180,135
Less: six months ended June 30, 2007		12,999	(262)	50,793	(216,443)	
Three months ended September 30, 2007		<del>₩</del> 16,698	( <del>₩</del> 7,650)	<del>₩</del> 27,873	( <del>₩</del> 109,032)	

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(Note) The amount represents the goodwill that resulted from the purchase of Baba Club s and Philio Co., Ltd. s business for the nine months ended September 30, 2007.

The book value as of September 30, 2008 and residual useful lives of major intangible assets are as follows (In millions of Korean won):

	Amount	Description	Residual useful lives
Goodwill	₩1,467,064	Goodwill related to acquisition of Shinsegi Telecomm, Inc.	11 years and 6 months
IMT license	796,688	Frequency use rights relating to W-CDMA Service	(Note a)
WiBro license	70,730	WiBro Service	(Note b)
DMB license	5,486	DMB Service	7 years and 9 months

(Note a) Amortization of the IMT license commenced when the Company started its commercial IMT 2000 service in December 2003, using the straight-line method over the estimated useful life (13 years) of the IMT license which expires in December 2016.

(Note b) The Company purchased the WiBro license from MIC on March 30, 2005. The license period is seven years from the purchase date. Amortization of the WiBro license commenced when the Company started its commercial WiBro services on June 30, 2006 using the straight line basis over the remaining useful life.

**Table of Contents****8. BONDS PAYABLE**

Bonds payable as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won and thousands of U.S. dollars):

	Maturity year	Annual interest rate (%)	September 30, 2008	December 31, 2007
Domestic general bonds	2008	5.0	₩	₩ 300,000
	2009	5.0	300,000	300,000
	2010	4.0	200,000	200,000
	2011	3.0	200,000	200,000
	2013	4.0	200,000	200,000
	2014	5.0	200,000	200,000
	2015	5.0	200,000	
	2016	5.0	200,000	200,000
	2018	5.0	200,000	
Dollar denominated bonds (US\$300,000)	2011	4.25	356,310	281,460
Dollar denominated bonds (US\$400,000)	2027	6.63	475,080	375,280
Yen denominated bonds		3-month Euro Yen LIBOR rate		
(JPY 12,500,000)	2012	+0.55 (note)	143,028	104,166
Convertible bonds (US\$229,160)	2009		268,415	268,415
Total			2,942,833	2,629,321
Add (Deduct):				
Discounts on bonds			(60,595)	(46,138)
Conversion right adjustments			(9,320)	(19,665)
Long-term accrued interest			17,256	17,256
Net			2,890,174	2,580,774
Less portion due within one year, net			(575,445)	(299,614)
Long-term portion			₩ 2,314,729	₩ 2,281,160

(Note) The 3-months Euro Yen LIBOR rate as of September 30, 2008 is 1.02%.

All of the above bonds will be paid in full at maturity.

On May 27, 2004, the Company issued zero coupon convertible bonds with a maturity of five years in the principal amount of US\$329,450,000 for US\$324,923,469, with an initial conversion price of ₩235,625 per share of the Company's common stock, which was greater than market value at the date of issuance. Subsequently, the initial conversion price was changed to ₩203,516 per share in accordance with anti-dilution protection. The Company may redeem the principal amount after 3 years from the issuance date if the market price exceeds 130% of the conversion price during a predetermined period. On the other hand, the bond holders may redeem their notes at 103.81% of the principal amount on May 27, 2007 (3 years from the issuance date). The conversion right may be exercised during the period from July 7, 2004 to May 13, 2009 and the number of common shares to be converted

as of September 30, 2008 is 1,324,744 shares. Effective June 30, 2008, the conversion price was changed from ~~₩204,636~~ to ~~₩203,516~~ and the number of shares to be converted was changed from 1,317,494 shares to 1,324,744 shares due to the payment of annual dividends in accordance with the resolution of the Company's board of directors on July 18, 2008.

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Conversion of notes to common shares may be prohibited under the Telecommunications Law or other legal restrictions which restrains foreign governments, individuals and entities from owning more than 49% of the Company's voting stock, if this 49% ownership limitation is violated due to the exercise of conversion rights. In this case, the Company will pay a bond holder as cash settlement determined at the average price of one day after a holder exercises its conversion right or the weighted average price for the following five business days. The Company intends to sell treasury shares held in trust by the Company that corresponds to the number of shares of common stock that would have been delivered in the absence of the 49% foreign shareholding restrictions. The Company entered into an agreement with Credit Suisse First Boston International to reduce the effect of fluctuation with respect to cash settlement payments that may be more or less than the proceeds from sales of treasury shares held in trust. Unless either previously redeemed or converted, the notes are redeemable at 106.43% of the principal amount at maturity.

During the nine months ended September 30, 2008, no conversion was made. During the year ended December 31, 2007, the conversion rights for the convertible bond with a principal amount of US\$75,080,000 were exercised. The Company paid ₩42,962 million in cash to bond holders with a principal amount of US\$36,260,000 without delivering the Company's common stocks due to the 49% ownership limitation as explained above and the convertible bonds with a principal amount of US\$38,820,000 were converted into 216,347 shares of treasury stock (See Note 15). Therefore, the principal amount of the convertible bonds decreased from US\$304,240,000 to US\$229,160,000. In addition, the consideration for conversion right (capital surplus) decreased by ₩11,116 million (net of tax effect of ₩4,216 million).

**9. LONG-TERM BORROWINGS**

Long-term borrowings as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won and thousands of U.S. dollars):

	Lender	Final maturity year	Annual interest rate (%) (Note)	September 30, 2008	December 31, 2007
Long-term floating rate discount bill	Shinhan Bank	June 29, 2010	91 days CD yield + 0.25%	₩ 200,000	₩ 200,000
Long-term floating rate borrowings	KDB	July 28, 2011	91 days CD yield + 1.02%	₩ 100,000	
	Citibank	July 29, 2011	91 days CD yield + 1.20%	₩ 100,000	
	Nonghyup	July 30, 2011	91 days CD yield + 1.30%	₩ 100,000	
	Hana Bank	July 31, 2011	91 days CD yield + 1.50%	₩ 150,000	
	Nonghyup	August 12, 2011	91 days CD yield + 1.50%	₩ 50,000	
	Calyon Bank	October 10, 2013	6M LIBOR + 0.29%	US\$ 50,000	US\$ 50,000
	DBS Bank	October 10, 2013	6M LIBOR + 0.29%	US\$ 25,000	US\$ 25,000
	SMBC	October 10, 2013	6M LIBOR + 0.29%	US\$ 25,000	US\$ 25,000



Total	US\$ 100,000	US\$ 100,000
	₩ 700,000	₩ 200,000
Equivalent in Korean won	₩ 818,770	₩ 293,820
Less current portion		
Long-term borrowings	₩ 818,770	₩ 293,820

The above long-term floating rate discount bill is classified as long-term borrowing as the borrowing is to be rolled-over exceeding 1 year from September 30, 2008 in accordance with the loan agreement.

(Note) At September 30, 2008, the 91 days CD yield and the 6M LIBOR rate are 5.83% and 3.98%, respectively.

**Table of Contents****10. SUBSCRIPTION DEPOSITS**

The Company receives subscription deposits from customers of cellular services at the subscription date. The Company has no obligation to pay interest on subscription deposits but is required to return them to subscribers upon termination of the subscription contract.

Long-term subscription deposits held as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won except deposit per subscriber amounts):

	Service type	Deposit per subscriber	September 30, 2008	December 31, 2007
Cellular		₩ 200,000	₩ 4,793	₩ 6,426

The Company offers existing and new cellular subscribers the option of obtaining credit insurance from Seoul Guarantee Insurance Company ( SGIC ) in lieu of the subscription deposits. Existing subscribers who elect this option are refunded their subscription deposits. As a result, the balance of subscription deposits has been decreasing.

**11. LEASES**

The Company acquired certain computer equipment and software from SK C&C Co., Ltd. and succeeded certain capital lease agreements made between SK C&C Co., Ltd. and HP Financial Service before FY 2007. As all capital lease agreements expired during the nine months ended September 30, 2008, there are no capital lease assets or liabilities as of September 30, 2008. In addition, details of capital lease assets acquired and liabilities assumed from SK C&C Co., Ltd. as of and for the nine months ended September 30, 2008 and as of and for the year ended December 31, 2007 are as follows (In millions of Korean won):

		September 30, 2008	December 31, 2007
Acquisition cost	Office equipment	₩	₩ 8,271
	Computer software		5,728
		₩	₩ 13,999
Accumulated depreciation	Office equipment	₩	₩ 6,509
	Computer software		2,387
		₩	₩ 8,896
Carrying amounts	Office equipment	₩	₩ 1,761
	Computer software		3,342
		₩	₩ 5,103

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Depreciation expenses	Office equipment	₩	₩	1,970
	Computer software			1,146
		₩	₩	3,116

There are no lease liabilities as of September 30, 2008 and the Company's minimum future lease payments as of December 31, 2007 are as follows (In millions of Korean won):

	Annual lease payments	Interest	Principal
2008	₩ 1,664	₩ 22	₩ 1,642
Less portion due within one year			(1,642)
Capital lease liabilities			₩

**Table of Contents****12. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The details of monetary assets and liabilities denominated in foreign currencies (except for bonds payable and long-term borrowings denominated in foreign currencies described in Notes 8 and 9, respectively) as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won, thousands of U.S. dollars, thousands of HK dollars, thousands of Japanese yen, thousands of Great Britain pounds, thousands of Singapore dollars, thousands of Swiss Franc, thousands of Euros and thousands of Chinese yuan):

	September 30, 2008		December 31, 2007	
	Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Cash and cash equivalents	US\$ 24,060	₩ 28,576	US\$ 357,039	₩ 334,974
	EUR 56	96	EUR 117	162
Accounts receivable trade	US\$ 5,680	6,747	US\$ 4,164	3,906
	EUR 219	374	EUR 248	303
	CNY 5,620	975	CNY 5,620	722
Accounts receivable other	US\$ 941	1,118	US\$ 965	905
	CNY 7,888	1,369		
Guarantee deposits	US\$ 8	9	US\$ 12	11
	JPY 17,397	199	JPY 16,912	141
		₩ 39,463		₩ 341,124
Accounts payable	US\$ 6,784	₩ 8,057	US\$ 22,552	₩ 21,159
	JPY 13,604	156	JPY 16,954	138
	HK\$ 50	8	HK\$ 248	14
	GBP 5	10	GBP 931	1,461
	SG\$ 1	1	SG\$ 27	17
	EUR 238	406	EUR 588	1,750
	SEK 53	9		
			CHF 250	208
	CNY 2	1	CNY 2	1
		₩ 8,648		₩ 24,748

**13. CAPITAL STOCK AND CAPITAL SURPLUS**

The Company's capital stock consists entirely of common stock with a par value of ₩500. The number of authorized and issued shares as of September 30, 2008 and December 31, 2007 are as follows:

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	September 30, 2008	December 31, 2007
Authorized shares	220,000,000	220,000,000
Issued shares	81,193,711	81,193,711
Outstanding shares, net of treasury stock	72,793,003	72,584,677

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Significant changes in capital stock and capital surplus for the nine months ended September 30, 2008 and for the year ended December 31, 2007 are as follows (In millions of Korean won except for share data):

	Number of shares issued	Capital stock	Capital surplus
At January 1, 2007	81,193,711	₩ 44,639	₩ 2,962,699
Transferred from stock options in capital adjustment (Note a)			3,246
Consideration for conversion right (Note b)			(11,116)
Offset against capital surplus by equity security accounted for using the equity method (Note c)			(15,476)
Cumulative effect of change in accounting policies (Note d)			(15,432)
At December 31, 2007	81,193,711	44,639	2,923,921
Difference between the acquisition cost and the net book value incurred from the transactions between companies under common control (Note e)			(60,067)
At September 30, 2008	81,193,711	₩ 44,639	₩ 2,863,854

- (Note a) During the year ended December 31, 2007, the exercisable period for the stock options representing 65,730 shares, for which the Company recognized compensation costs of ₩3,246 million, expired and the related stock options of ₩3,246 million in capital adjustments were transferred to capital surplus in accordance with Korean GAAP.
- (Note b) During the year ended December 31, 2007, the conversion rights for the convertible bonds with a face value of US\$75,080,000 were exercised and the capital surplus amount (in connection with the related conversion rights) decreased by ₩11,116 million (net of tax effect of ₩4,216 million).
- (Note c) During the year ended December 31, 2007, the Company acquired Ntreev Soft Co., Ltd.'s common stock from IHQ, Inc. a subsidiary of the Company. The difference between the acquisition cost and the net book value of Ntreev Soft Co., Ltd. amounting to ₩15,476 million was offset against the Company's capital surplus.
- (Note d) The capital surplus as of December 31, 2007 and 2006, decreased by ₩15,432 million and ₩10,778 million in accordance with the retroactive adoption of the amended SKAS No.15 - Investment in Associates [see Note 2 (a)].
- (Note e) In accordance with the adoption of the amended SKAS No.15 - Investment in Associates [see Note 2(b)], the difference is currently recorded as capital surplus (previously as accumulated other comprehensive income).

**Table of Contents****14. RETAINED EARNINGS**

The details of appropriated retained earnings as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008	December 31, 2007
Legal reserve	₩ 22,320	₩ 22,320
Reserve for improvement of financial structure		33,000
Reserve for loss on disposal of treasury stock	255,984	255,984
Reserve for research and manpower development	872,595	872,595
Reserve for business expansion	6,344,138	6,151,138
Reserve for technology development	800,000	
Total	₩ 8,295,037	₩ 7,335,037

a. Legal Reserve

The Korean Commercial Code requires the Company to appropriate as a legal reserve at least 10% of cash dividends for each accounting period until the reserve equals 50% of outstanding capital stock. The legal reserve may not be utilized for cash dividends, but may only be used to offset a future deficit, if any, or may be transferred to capital stock.

b. Reserve for Improvement of Financial Structure

The Financial Control Regulation for listed companies in Korea requires that at least 10% of net income (net of accumulated deficit), and an amount equal to net gain (net of related income taxes, if any) on the disposal of property and equipment be appropriated as a reserve for improvement of financial structure until the ratio of stockholders' equity to total assets reaches 30%. However, this regulation was abolished during the year ended December 31, 2007 and no such requirement exists as of September 30, 2008.

c. Reserve for Loss on Disposal of Treasury Stock and Research and Manpower Development

Reserves for loss on disposal of treasury stock and research and manpower development were appropriated in order to recognize certain tax deductible benefits through the early recognition of future expenditures for tax purposes. These reserves will be reversed from appropriated retained earnings in accordance with the relevant tax laws. Such reversal will be included in taxable income in the year of reversal.

d. Reserve for Business Expansion and Technology Development

The reserve for business expansion and technology and development are voluntary and were approved by the board of directors and stockholders.

**Table of Contents****15. TREASURY STOCK**

Upon issuances of stock dividends and new common stock, and the merger with Shinsegi Telecomm, Inc. and SK IMT Co., Ltd., the Company acquired fractional shares totaling 77,970 shares for ₩6,110 million through 2006. In addition, the Company acquired 8,584,445 shares of treasury stock in the market or through the trust funds for ₩2,040,995 million through 2006 in order to stabilize the market price of its stock. In addition, the Company retired 1,083,000 shares of common stock in accordance with Korean Commercial law, which were acquired by the Company in 2006 at ₩209,077 million. As a result of these transactions, retained earnings decreased by ₩209,077 million. In addition, the losses on disposal of treasury stock decreased by ₩337 million for the year ended December 31, 2007 to reflect the change in accumulated temporary differences related to treasury stocks based on the prior year tax return.

In addition, for the year ended December 31, 2006 and 2007, treasury stock of 136,163 shares and 216,347 shares with carrying value totaling ₩32,178 million and ₩51,199 million, respectively, were issued to the convertible bond holders at their execution of conversion rights. As a result of these transactions, loss on disposal of treasury stock of ₩7,887 million and gain on disposal of treasury stock of ₩1,414 million was reported for the year ended December 31, 2006 and 2007, respectively.

From November 9, 2007 through December 31, 2007, the Company acquired 471,000 shares of treasury stock for ₩118,511 million in order to stabilize the market price of its stock in accordance with a resolution of the Board of Directors on November 2, 2007. In addition, on December 26, 2007 and January 23, 2008, treasury stock of 171,871 shares and 208,326 shares with carrying value totaling ₩40,756 million and ₩49,401 million, respectively, were sold to the employees' stock ownership association. As a result of these transactions, loss on disposal of treasury stock decreased by ₩6,042 million for the three months ended December 31, 2007 and increased by ₩6,275 million for the nine months ended September 30, 2008.



**Table of Contents****16. INCOME TAX**

## a. Details of income tax expense

Income tax expense for the nine months ended September 30, 2008 and 2007 consists of the following (In millions of Korean won):

	2008	2007
Current	₩ 497,682	₩ 506,258
Deferred (Note a)	(124,226)	99,970
Income tax expenses	373,456	606,228
Less: six months ended June 30, 2008	(265,390)	(331,859)
Three months ended September 30, 2008	₩ 108,066	₩ 274,369

(Note a) Changes in net deferred tax liabilities for the nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

	2008	2007
Ending balance of net deferred tax liabilities	₩ 511,602	₩ 868,284
Beginning balance of net deferred tax liabilities	(1,015,002)	(490,341)
Adjustment to the beginning net deferred income tax liabilities based on tax return filed	3,944	3,444
Tax effect of temporary differences charged or credited directly to related components of stockholders' equity	375,230	(281,417)
	₩ (124,226)	₩ 99,970

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- b. An explanation of the relationship between income tax expense and accounting income before income tax expense for the nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won) :

	2008	2007
Income before income tax	₩ 1,387,991	₩ 2,182,631
Income tax expense at statutory income tax rate (14.3% of taxable income less than ₩100 million and 27.5% of taxable income exceeding ₩100 million)	381,684	600,210
Differences (Note)	(8,228)	6,018
Income tax expense	₩ 373,456	₩ 606,228
Effective tax rates	26.91%	27.78%
(Note) Differences:		
Permanent difference	₩ 25,936	₩ 16,442
Changes in deferred income tax assets (liabilities) recognized related to equity method investment securities	31,452	32,151
Tax credit for investment	(57,030)	(57,434)
Other tax credits	(2,822)	(5,100)
Sur tax on exempted income	10,397	11,632
Additional income tax (tax refund) for prior periods	(16,161)	8,327
	₩ (8,228)	₩ 6,018

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## c. Change in cumulative temporary differences and deferred tax liabilities

Changes in cumulative temporary differences for the nine months ended September 30, 2008 and 2007, and deferred tax assets and liabilities as of September 30, 2008 and 2007 are as follows (In millions of Korean won):

For the nine months ended September 30, 2008

Description	January 1, 2008	Increase (Note a)	Decrease (Note a)	September 30, 2008
Current:				
Allowance for doubtful accounts	₩ 31,907	₩ 37,291	₩ 28,460	₩ 40,738
Accrued interest income	(5,024)	(2,670)	(5,024)	(2,670)
Bad debt	115,926	4,472	298	120,100
Accrued expenses	92,536	23,716	11,874	104,378
Other	1,168	18,811	11,530	8,449
Total	236,513	81,620	47,138	270,995
Temporary differences unlikely to be realized	(128,555)			(128,555)
Total current cumulative temporary differences-net	107,958	₩ 81,620	₩ 47,138	142,440
Current deferred tax assets-net (Note b)	₩ 29,688			₩ 39,171
Non-current:				
Property and equipment	₩ (155,202)	₩ 3,207	₩ (40,423)	₩ (111,572)
Loss on impairment of long-term investment securities	138,363			138,363
Loss on impairment of other long-term assets	2,651	9,994	2,651	9,994
Reserves for research and manpower development	(550,000)		(150,000)	(400,000)
Reserves for loss on disposal of treasury stock	(255,984)		(191,988)	(63,996)
Equity in losses (earnings) of affiliates	92,160	135,034		227,194
Equity in capital adjustment of affiliates	27,229		(45,679)	72,908
Unrealized loss on valuation of long-term investment securities (other comprehensive income)	(2,243,709)	(6,370)	(1,381,687)	(868,392)
Accrued severance indemnities	39,538	12,679	1,948	50,269
Deposits for severance indemnities	(38,706)	(7)	(1,948)	(36,765)
Loss on valuation of currency swap	22,503	109,934	168,859	(36,422)
	24,249	138,160	146,252	16,157

Loss on valuation of currency swap (other comprehensive income)				
Loss on valuation of interest rate swap (other comprehensive income)	(3,170)	2,006		(1,164)
Gain on conversion of convertible bonds	(373,140)			(373,140)
Considerations for conversion right	(19,665)		(10,344)	(9,321)
Long-term accrued interest	17,256			17,256
Loss (Gain) on foreign currency translation		98,995	340,649	(241,654)
Other	44,962	311,580	(32,951)	389,493
Total	(3,230,665)	815,212	(1,194,661)	(1,220,792)
Temporary differences unlikely to be realized	(568,208)		213,812	(782,020)
Total non-current cumulative temporary differences-net	(3,798,873)	₩ 815,212	₩ (980,849)	(2,002,812)
Total non-current deferred tax liabilities-net (Note b)	₩ (1,044,690)			₩ (550,773)

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(Note a) These changes include adjustment to reflect the change in accumulated temporary differences based on the prior year tax return.

(Note b) The tax rate used in measuring deferred tax assets and liabilities is 27.5%.

For the nine months ended September 30, 2007

Description	January 1, 2007	Increase (Note a)	Decrease (Note a)	September 30, 2007
Current:				
Allowance for doubtful accounts	₩ 50,824	₩ 29,186	₩ 43,974	₩ 36,036
Accrued interest income	(4,574)	(4,191)	(4,575)	(4,190)
Accrued expenses	56,001	3,619	27,519	32,101
Other	172,168	(1,315)	5,164	165,689
Total	274,419	27,299	72,082	229,636
Temporary differences unlikely to be realized	(128,554)			(128,554)
Total current cumulative temporary differences-net	₩ 145,865	₩ 27,299	₩ 72,082	₩ 101,082
Current deferred tax assets-net (Note b)	₩ 40,113			₩ 27,798
Non-current:				
Property and equipment	₩ (188,535)	₩ (2,920)	₩ (30,146)	₩ (161,309)
Loss on impairment of long-term investment securities	108,145	30,218		138,363
Loss on impairment of other assets	971	5,051	971	5,051
Reserves for research and manpower development	(760,000)		(157,500)	(602,500)
Reserves for loss on disposal of treasury stock	(255,984)			(255,984)
Equity in (earnings) losses of affiliates	116,407	(4,783)	98,087	13,537
Equity in other comprehensive income of affiliates	(123,206)	(445)	14,971	(138,622)
Unrealized gain on valuation of long-term investment securities, net (other comprehensive income)	(563,477)	(1,315,319)	(320,093)	(1,558,703)
Accrued severance indemnities	20,058	16,031	1,174	34,915
Deposits for severance indemnities	(20,058)	(3,837)	(1,174)	(22,721)
Loss on valuation of currency swap	22,503	12,577		35,080
Loss on valuation of currency swap (other comprehensive income)	24,249			24,249
Loss on valuation of interest rate swap (other comprehensive income)	454		2,426	(1,972)

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Gain on conversion of convertible bond		(373,140)		(373,140)
Considerations for conversion right	(62,131)		(3,927)	(58,204)
Other	22,370	41,320	12,607	51,083
Total	(1,658,234)	(1,595,247)	(382,604)	(2,870,877)
Temporary differences unlikely to be realized	(270,688)	2,431	(114,441)	(387,601)
Total non-current cumulative temporary differences-net	₩ (1,928,922)	₩ (1,592,776)	₩ (497,045)	₩ (3,258,478)
Total non-current deferred tax liabilities-net (Note b)	₩ (530,454)		₩	(896,081)

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(Note a) These changes include adjustment to reflect the change in accumulated temporary differences based on the prior year tax return.

(Note b) The tax rate used in measuring deferred tax assets and liabilities is 27.5%.

Deferred tax assets and liabilities before offsetting each other as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008			December 31, 2007		
	Current	Non-current	Sub-total	Current	Non-current	Sub-total
Deferred tax assets	₩ 48,547	₩ 117,297	₩ 165,844	₩ 32,346	₩ 3,521	₩ 35,867
Deferred tax liabilities	(9,376)	(668,070)	(677,446)	(2,658)	(1,048,211)	(1,050,869)
Deferred tax assets (liabilities), net	₩ 39,171	₩ (550,773)	₩ (511,602)	₩ 29,688	₩ (1,044,690)	₩ (1,015,002)

d. Deferred tax assets (liabilities) added to (deducted from) capital surplus, capital adjustments or accumulated other comprehensive income (loss)

Deferred tax assets (liabilities) added to (deducted from) capital surplus, capital adjustments or accumulated other comprehensive income (loss) as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

	September 30, 2008	December 31, 2007
Gains on disposal of treasury stock	₩ (35,460)	₩ (36,339)
Considerations for conversion right	(12,869)	(12,869)
Differences between the acquisition cost and the net book value incurred from the transactions between companies under common control	(476)	
Unrealized loss on valuation of long-term investment securities, net	(238,808)	(617,020)
Equity in capital adjustment of affiliates, net	(2,440)	(727)
Loss on valuation of currency swap, net	4,444	6,668
Gain on valuation of interest rate swap	(320)	(872)
Total	₩ (285,929)	₩ (661,159)

**Table of Contents****17. COMPREHENSIVE INCOME (LOSS)**

Details of comprehensive income (loss) for the three months and nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

For the three and nine months ended September 30, 2008

	For the three months		For the nine months	
	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect
Net income	₩ 333,640		₩ 1,014,535	
Other comprehensive income (loss):				
Unrealized gain on valuation of long-term investment securities, net	(497,690)	₩ 188,779	(997,105)	₩ 378,212
Equity in capital adjustments of affiliates, net	82,964	(249)	(23,067)	(1,713)
Gain on valuation of currency swap, net	2,529	(959)	5,867	(2,225)
Loss on valuation of interest rate swap, net	(1,406)	533	(1,454)	552
Sub-total	(413,603)	₩ 188,104	(1,015,759)	₩ 374,826
Comprehensive loss	₩ (79,962)		₩ (1,224)	

For the three and nine months ended September 30, 2007

	For the three months		For the nine months	
	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect
Net income	₩ 776,819		₩ 1,576,403	
Other comprehensive income (loss):				
Unrealized gain on valuation of long-term investment securities, net	318,496	₩ (120,809)	721,539	₩ (273,687)
Equity in capital adjustments of affiliates, net	(129,630)	44,005	16,484	(8,479)
Gain on valuation of currency swap, net	1,910	293	5,114	
Gain on valuation of interest rate swap, net	303	(114)	1,759	(667)
Sub-total	191,079	₩ (76,625)	744,896	₩ (282,833)
Comprehensive income	₩ 967,898		₩ 2,321,299	



**Table of Contents****18. NET INCOME PER SHARE**

The Company's net income and ordinary income per share amounts for the three months and nine months ended September 30, 2008 and 2007 is computed as follows (In millions of Korean won, except for per share income per share):

Net income and ordinary income per share

	For the three months ended		For the nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Net income and ordinary income	₩ 333,640	₩ 776,819	₩ 1,014,535	₩ 1,576,403
Weighted average number of common shares outstanding	72,793,003	72,667,459	72,776,276	72,667,459
Net income and ordinary income per share	₩ 4,583	₩ 10,690	₩ 13,940	₩ 21,693

Net income and ordinary income per share for the year ended December 31, 2007 is ₩22,607 and net income and ordinary income per share for the three months ended March 31, 2008 and 2007 is ₩5,264 and ₩5,454, respectively. In addition, net income and ordinary income per share for the three months ended June 30, 2008 and 2007 is ₩4,094 and ₩5,550, respectively.

The weighted average numbers of common shares outstanding for the three months and nine months ended September 30, 2008 and 2007 are calculated as follows:

	Number of shares	Weighted number of days	Weighted number of shares
For the three months ended September 30, 2008			
Outstanding common stocks at July 1, 2008	81,193,711	92 / 92	81,193,711
Treasury stocks at July 1, 2008	(8,609,034)	92 / 92	(8,609,034)
Disposal of treasury stock	208,326	92 / 92	208,326
Total	72,793,003		72,793,003
For the nine months ended September 30, 2008			
Outstanding common stocks at January 1, 2008	81,193,711	274 /	81,193,711
Treasury stocks at January 1, 2008	(8,609,034)	274 /	(8,609,034)
Disposal of treasury stock	208,326	252 /	191,599

Total

72,793,003

72,776,276

81

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	Number of shares	Weighted number of days	Weighted number of shares
For the three months ended September 30, 2007			
At July 1, 2007	81,193,711	92 / 92	81,193,711
Treasury stock, at the beginning	(8,526,252)	92 / 92	(8,526,252)
Total	72,667,459		72,667,459
For the nine months ended September 30, 2007			
At January 1, 2007	81,193,711	273 / 273	81,193,711
Treasury stock, at the beginning	(8,526,252)	273	(8,526,252)
Total	72,667,459		72,667,459

Diluted net income and ordinary income per share amounts for the three months and nine months ended September 30, 2008 and 2007 is computed as follows (In millions of won, except for share data):

Diluted net income and ordinary income per share

	For the three months ended		For the nine months ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Adjusted net income and ordinary income	₩ 336,390	₩ 780,119	₩ 1,022,466	₩ 1,586,219
Adjusted weighted average number of common shares outstanding	74,117,747	74,284,990	74,101,020	74,336,745
Diluted net income and ordinary income per share	₩ 4,539	₩ 10,502	₩ 13,798	₩ 21,338

Diluted net income and ordinary income per share for the year ended December 31, 2007 is ₩19,458 and diluted net income and ordinary income per share for the three months ended March 31, 2008 and 2007 is ₩5,205 and ₩5,373, respectively. Diluted net income and ordinary income per share for the three months ended June 30, 2008 and 2007 is ₩4,056 and ₩5,468, respectively.

Adjusted net income and ordinary income per share and the adjusted weighted average number of common shares outstanding for the three months and nine months ended September 30, 2008 and 2007 are calculated as follows:

	For the three months ended		For the nine months ended	
	September	September	September	September

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	30, 2008	30, 2007	30, 2008	30, 2007
Net income and ordinary income	₩ 333,640	₩ 776,819	₩ 1,014,535	₩ 1,576,403
Effect of convertible bonds (Note a)	2,750	3,300	7,931	9,816
Adjusted net income and ordinary income	₩ 336,390	₩ 780,119	₩ 1,022,466	₩ 1,586,219
Weighted average number of common shares outstanding	72,793,003	72,667,459	72,776,276	72,667,459
Effect of convertible bonds (Note a)	1,324,744	1,617,531	1,324,744	1,669,286
Adjusted weighted average number of common shares outstanding	74,117,747	74,284,990	74,101,020	74,336,745

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(Note a) The effect of convertible bonds increased net income related to interest expenses that would not have been incurred, and increase in the weighted average number of common shares outstanding related to common shares that would have been issued, assuming that the conversion of convertible bonds was made on the beginning of the period.

**19. RESTRICTED CASH AND CASH EQUIVALENTS**

As of September 30, 2008, the Company has guarantee deposits restricted for checking accounts totaling ₩19 million and deposits restricted for a charitable trust for the public totaling ₩10,000 million of which due date is February 8, 2009.

**20. INTERIM DIVIDENDS**

In accordance with the resolution of the Company's board of directors dated July 18, 2008, the Company declared and paid cash dividends during the three months ended September 30, 2008 based on outstanding number of common shares at June 30, 2008 as follows (In millions of Korean won except for per share data):

Number of shares outstanding as of June 30, 2008	Par value per share	Dividend ratio	Dividends
72,793,003	₩500	200%	₩72,793

In accordance with the resolution of the Company's board of directors dated July 27, 2007, the Company declared and paid cash dividends during the three months ended September 30, 2007 based on outstanding number of common shares at June 30, 2007 as follows (in millions of Korean won except for per share data):

Number of shares outstanding as of June 30, 2007	Par value per share	Dividend ratio	Dividends
72,667,459	₩500	200%	₩72,668

**21. INSURANCE**

As of September 30, 2008, certain Company's assets are insured with local insurance companies as follows (In millions of Korean won and thousands of U.S. dollars):

Insured	Risk	Carrying value	Coverage
Property and equipment	Fire and comprehensive liability	₩3,454,780	US\$56,115 ₩7,949,522

In addition, the Company carries directors and officers liability coverage insurance totaling ₩50,000 million.

**Table of Contents****22. RELATED PARTY TRANSACTIONS**

As of September 30, 2008 and December 31, 2007, the parent company and subsidiaries of the Company are as follows:

**a. Holding company and subsidiaries**

Type	Company	Ownership percentage (%)	Types of business
Ultimate parent company	SK C&C Co., Ltd.	28.1 (Note a)	Information technology and software production
Parent company	SK Holdings Co., Ltd. (Formerly SK Corporation)	21.8	Manufacturing and selling petrochemicals
Subsidiary	SK Broadband Co., Ltd. (Formerly hanarotelecom, inc.)	43.4 (Note b)	Internet website services and telecommunication service
	SK Communications Co., Ltd.	64.8	Internet website services
	SK Telink Co., Ltd.	90.8	Telecommunication service
	SK Wyverns Baseball Club Co., Ltd.	100.0	Business related sports
	PAXNet Co., Ltd.	59.7	Internet website services
	Global Credit & Information Co., Ltd.	50.0	Credit and collection services
	TU Media Corp.	44.2	Digital multi media broadcasting service
	Aircross Co., Ltd.	100.0	Wireless marketing related business
	IHQ, Inc.	37.1	Entertainment management
	Ntreev Soft Co., Ltd.	66.7	Game software production
	Commerce Planet Co., Ltd.	100.0	Cosmetic wholesale
	Loen Entertainment, Inc. (Formerly Seoul Records, Inc.)	60.0	Release of music disc
	SKT Vietnam PTE Ltd.	73.3	Telecommunication service
	SK Telecom China Co., Ltd.	100.0	Telecommunication service
	ULand Company Ltd.	70.1	Network and mobile value added service
	SK Telecom USA Holdings, Inc.	100.0	Telecommunication service
	SKT Americas, Inc. (Formerly SK Telecom International Inc.)	100.0	Telecommunication service
	The First Music Investment Fund of SK-PVC	69.3	Investment association
	The Second Music Investment Fund of SK-PVC	79.3	Investment association
	SK-KTB Music Investment Fund	74.3	Investment association
	IMM Cinema Fund	45.6	Investment association
	Michigan Global Cinema Fund	36.4	Investment association
	CU Media Co., Ltd. (Formerly YTN Media Inc.)	51.4 (Note c)	Broadcasting program production
	SK I-Media Co., Ltd.	60.0 (Note c)	Game software production
	Konan Technology	29.5 (Note c)	Multimedia contents production
	Cyworld China Holdings	53.8	Internet website services
	Broadband Media Inc.	100.0 (Note c)	Multimedia TV portal service
	HanaroDream Incorporated	36.0 (Note c)	

		Internet digital contents distribution
Broadband D&M Co., Ltd.	100.0 (Note c)	Equipment maintenance
Broadband CS Co., Ltd.	100.0 (Note c)	Customer service support
Benex Digital Cultural Contents Fund	19.9	Investment association
SKT Global Investment B.V.I.O	100.0	Equity Investment

(Note a) The ownership percentage represents ultimate parent company's ownership over the parent company.

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(Note b) The ownership percentage represents the total sum of the Company's and its subsidiaries' ownership over their subsidiaries.

(Note c) The ownership percentage represents subsidiaries' ownership over their subsidiaries, in which the Company has no direct investment.

**b. Transactions and balances with related parties**

Significant related party transactions for the three months and nine months ended September 30, 2008 and 2007, and account balances as of September 30, 2008 and December 31, 2007 are as follows (In millions of Korean won):

**b-(1) Transactions**

	For three months ended September 30, 2008			For nine months ended September 30, 2008		
	Commissions			Commissions		
	Purchases of property and equipment	paid and other expenses	Commissions earned and other income	Purchases of property and equipment	paid and Other expenses	Commissions earned and other income
Ultimate parent company: SK C&C Co., Ltd.	₩ 55,740	₩ 90,540	₩ 1,664	₩ 97,065	₩ 186,906	₩ 5,707
Parent Company: SK Holdings Co., Ltd.		161	158		466	327
Subsidiaries:						
SK Broadband Co., Ltd. (Formerly hanarotelecom, inc.)		5,003	13,181		9,479	29,772
SK Communications Co., Ltd.		6,036	1,891		18,636	5,507
SK Telink Co., Ltd.	73	3,658	6,180	114	10,637	19,918
SK Wyverns Baseball Club Co., Ltd.		3,502	83		13,302	83
PAXNet Co., Ltd.		1,826	25		5,028	74
Global Credit & Information Co., Ltd.		15,100	329		37,799	976
TU Media Corp.	75	16,576	10,632	107	18,584	37,178
Aircross Co., Ltd.	43	6,365	333	78	15,223	997
SKT Americas, Inc. (Formerly SK Telecom International Inc.)		10			2,871	
Others	1,863	21,833	1,152	2,703	57,695	4,477
Equity Method Investees:						
SK Marketing & Company Co Ltd.		23,360	3,233		29,197	5,682
Others	12	3,448		139	5,945	
Others:						
SK Energy Co., Ltd.		3,703	2,040		11,753	5,230





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	For three months ended September 30, 2007			For nine months ended September 30, 2007		
	Purchases of property and equipment	Commissions paid and other expenses	Commissions earned and other income	Purchases of property and equipment	Commissions paid and Other expenses	Commissions earned and other income
Ultimate parent company: SK C&C Co., Ltd.	₩ 77,907	₩ 67,908	₩ 1,810	₩ 104,164	₩ 166,687	₩ 6,235
Parent Company: SK Holdings Co., Ltd.		2,527	111		17,722	10,731
Subsidiaries:						
SK Communications Co., Ltd.		9,234	1,543	156	27,590	4,873
TU Media Corp.		1,186	17,007	11	1,850	42,584
Global Credit & Information Co., Ltd.		13,486	313		41,046	1,178
PAXNet Co., Ltd.		3,193	2,532		9,388	3,177
SK Telink Co., Ltd.		3,508	6,014		9,995	15,935
SK Wyverns Baseball Club Co., Ltd.		4,200			14,877	17
Aircross Co., Ltd.	3	6,181	529	227	14,501	1,052
SK Telecom China Co., Ltd.		4,302			12,481	684
SKT Americas, Inc. (Formerly SK Telecom International Inc.)		1,427			4,533	
Others		1,766	2,776	1,000	5,536	3,602
Equity Method Investees:						
Helio, LLC			283			1,761
Others	107	1,899	17,758	586	2,763	18,174
Others:						
SK Engineering & Construction Co., Ltd.	46,449	1,788	660	181,873	4,420	2,474
SK Networks Co., Ltd.	8,846	184,259	3,937	22,305	509,359	9,159
Innoace Co., Ltd.	5,087	1,074	46	9,267	4,339	155
SK Telesys Co., Ltd.	37,448	1,756	440	174,740	5,250	2,264
Others	234	10,200	800	1,821	18,129	3,004
Total	₩ 176,081	₩ 319,894	₩ 56,559	₩ 496,150	₩ 870,466	₩ 127,059

**Table of Contents****b-(2) Account balances**

	As of September 30, 2008					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Ultimate parent Company:						
SK C&C Co., Ltd.	₩ 368	₩	₩	₩	₩ 68,801	₩ 24
Parent Company:						
SK Holdings Co., Ltd.	61				61	
Subsidiaries:						
SK Broadband Co., Ltd. (Formerly hanarotelecom, inc.)	182			60	459	2,062
SK Communications Co., Ltd.	2,603				4,657	5,606
SK Telink Co., Ltd.	1,022				542	1,217
SK Wyverns Baseball Club Co., Ltd.		575	3,557			
PAXNet Co., Ltd.	11				656	150
Global Credit & Information Co., Ltd.	8				1,168	
TU Media Corp.	5,064				4,079	3,083
Aircross Co., Ltd.	731				3,307	276
IHQ, Inc.					766	
Ntreev Soft Co., Ltd.					606	
Commerce Planet Co., Ltd.	781				4,038	
Loen Entertainment, Inc. (Formerly Seoul Records, Inc.)	76				3,912	
SKT Vietnam PTE Ltd.	5,140					
SK Telecom China Co., Ltd.	722					
Others					237	
Equity Method Investees:						
SK Marketing & Company Co Ltd.	3,342				9,559	248
Others	210				13	
Others:						
SK Energy Co., Ltd.	940			140	1,277	
SK Engineering & Construction Co., Ltd.	192					1,076
SK Networks Co., Ltd.	606			112	66,774	3,489
Innoace Co., Ltd.					1,589	2,444
SK Telesys Co., Ltd.	27				10,154	
Others	458			900	4,219	
Total	₩ 22,544	₩ 575	₩ 3,557	₩ 1,212	₩ 186,874	₩ 19,675

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	As of December 31, 2007					
	Accounts receivable	Short-term loans	Long-term loans	Guarantee deposits	Accounts payable	Guarantee deposits received
Ultimate parent Company: SK C&C Co., Ltd.	₩ 320	₩	₩	₩	₩ 131,029	₩ 346
Parent Company SK Holdings Co., Ltd.	726					
Subsidiaries:						
SK Communications Co., Ltd.	1,214				12,317	5,606
SK Telink Co., Ltd.	947				414	1,197
SK Wyverns Baseball Club Co., Ltd.	334	575	3,557			
PAXNet Co., Ltd.					614	150
Global Credit & Information Co., Ltd.					7,051	
TU Media Corp.	6,225				10,487	3,016
Aircross Co., Ltd.	2,659				3,699	255
IHQ, Inc.	38				2,008	
Ntreev Soft Co., Ltd.	18				3,640	
Commerce Planet Co., Ltd.	38				2,168	
Loen Entertainment, Inc. (Formerly Seoul Records, Inc.)	59				1,077	
SKT Vietnam PTE Ltd.	1,507					
SK Telecom China Co., Ltd.	684					
Helio, Inc.	719					
Others					2,117	
Equity Method Investees:						
Others	208				304	
Others:						
SK Energy Co., Ltd.	1,169			134	4,380	248
SK Engineering & Construction Co., Ltd.	310				8,075	1,135
SK Networks Co., Ltd.	1,158			112	69,337	3,432
Innoace Co., Ltd.					5,672	2,291
SK Telesys Co., Ltd.	28				29,286	
Others	545				7,861	
Total	₩ 18,906	₩ 575	₩ 3,557	₩ 246	₩ 301,536	₩ 17,676

**Table of Contents****c. Compensation for the key management**

The Company considers registered directors who have substantial roles and responsibility for planning, operating, and controlling of the business as key management, and the considerations given to the key management for the three months and nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

Payee	For the three months ended September 30, 2008			For the nine months ended September 30, 2008		
	Payroll	Severance indemnities	Total	Payroll	Severance indemnities	Total
7 Registered directors (including outside directors)	₩ 360	₩ 74	₩ 434	₩ 4,192	₩ 482	₩ 4,674

Payee	For the three months ended September 30, 2007			For the nine months ended September 30, 2007		
	Payroll	Severance indemnities	Total	Payroll	Severance indemnities	Total
12 Registered directors (including outside directors)	₩ 532	₩ 141	₩ 673	₩ 4,243	₩ 581	₩ 4,824

**23. PROVISION****a. Provision for point program**

The Company, for its marketing purposes, grants Rainbow Points and Point Box Points (the Points) to its subscribers based on their usage of the Company's services. Points provision was provided based on the historical usage experience and the Company's marketing policy. Such provision was recorded as accrued expenses or other non-current liabilities in accordance with the expected points usage duration since balance sheet date.

Details of change in the provisions for such mileage points for the nine months ended September 30, 2008 and 2007 are as follows (In millions of Korean won):

	September 30, 2008 (Note a)	September 30, 2007 (Note a)
Beginning balance	₩ 27,668	₩ 52,593
Increase	7,383	11,479
Decrease (used points)	(10,354)	(8,521)
Decrease (reversal of provision for mileage points)		(27,151)
Ending balance	₩ 24,697	₩ 28,400

(Note a) Effective January 1, 2005, pursuant to adoption of SKAS No.17, Points provision is recorded at the present value.

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Points expire after 5 years. The expected year when unused points as of September 30, 2008 are expected to be used and the respective estimated monetary amount to be paid in a given year are as follows (In millions of Korean won):

Expected usage for the year ended September 30,	Estimated amount to be paid in nominal value (Note b)	Current value (Note b)
2009	₩ 11,280	₩ 10,494
2010	7,387	6,394
2011	4,859	3,912
2012	3,214	2,407
2013	2,138	1,490
Ending balance	₩ 28,878	₩ 24,697

(Note b) The above expected year of the usage and the current value of the estimated amount to be paid are estimated based on the historical usage experience.

## b. Provision for handset subsidy

The Company provides provision for handset subsidies to be provided to the subscribers who purchase handsets on installment basis [refer to Note 2.(d)]. Such provision was recorded as accrued expenses or other non-current liabilities in accordance with the expected payment duration since balance sheet date.

Details of change in the provisions for handset subsidies for the nine months ended September 30, 2008 are as follows (In millions of Korean won):

	September 30, 2008 (Note a)
Beginning balance	₩
Increase (Provision)	270,055
Decrease (subsidy payment)	(34,875)
Ending balance	₩ 235,180

(Note a) Effective January 1, 2005, pursuant to adoption of SKAS No.17, Points provision is recorded at the present value.

The estimated monetary amount to be paid in a given year is as follows (In millions of Korean won):

Expected payment for the year ended September 30,	Estimated amount to be paid in nominal value	Current value
2009	₩ 210,617	₩ 204,747
2010	32,292	30,433
Ending balance	₩ 242,909	₩ 235,180



**Table of Contents****24. DERIVATIVE INSTRUMENTS****a. Currency swap contract to which the cash flow hedge accounting is applied**

The Company has entered into a fixed-to-fixed cross currency swap contract with Citibank, BNP Paribas and Credit Suisse First Boston International to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$300,000,000 at annual fixed interest rate of 4.25% issued on April 1, 2004. As of September 30, 2008, in connection with unsettled foreign currency swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩10,181 million (net of tax effect totaling ₩4,589 million and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling ₩11,577 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with Calyon bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated long-term borrowings with face amounts totaling US\$100,000,000 borrowed on October 10, 2006. As of September 30, 2008, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩1,182 million (net of tax effect totaling ₩146 million and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling ₩23,970 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with HSBC and SMBC Bank to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen denominated bonds with face amounts totaling JPY12,500,000,000 issued on November 13, 2007. As of September 30, 2008, in connection with unsettled cross currency interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩5,414 million (net of tax effect totaling ₩319 million and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling ₩39,054 million) was accounted for as accumulated other comprehensive income.

**b. Interest rate swap contract to which the cash flow hedge accounting is applied**

The Company has entered into a floating-to-fixed interest rate swap contract with Shinhan Bank to hedge the interest rate risk of floating rate discounted bill with face amounts totaling ₩200,000 million borrowed on June 29, 2006. As of September 30, 2008, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩2,083 million (net of tax effect totaling ₩790 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed interest rate swap contract with Nonghyup Bank and other two banks to hedge the interest rate risk of long-term floating rate borrowings with face amounts totaling ₩500,000 million borrowed on July 28, 2008 between August 13, 2008. As of September 30, 2008, in connection with unsettled interest rate swap contract to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to ₩1,239 million (net of tax effect totaling ₩470 million) was accounted for as accumulated other comprehensive income.



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## c. Currency swap contract to which the fair value hedge accounting is applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Hana Bank and other nine banks to hedge the foreign currency risk of U.S. dollar denominated equity securities of China Unicom. In connection with unsettled foreign currency swap contract to which the fair value hedge accounting is applied, loss on valuation of currency swap of ₩109,934 million for the nine months ended September 30, 2008 and gain on valuation of currency swap of ₩3,194 million and loss on valuation of currency swap of ₩12,364 million for the nine months ended September 30, 2007 was charged to current operations.

## d. Currency swap contract to which the hedge accounting is not applied

The Company has entered into a fixed-to-fixed cross currency swap contract with Credit Suisse First Boston International to hedge foreign currency risk of unguaranteed U.S. dollar denominated convertible bonds with face amounts of US\$329,450,000 issued on May 27, 2004. In connection with unsettled fixed-to-fixed cross currency swap contract to which the hedge accounting is not applied, gain on valuation of currency swap of ₩24,914 million and loss on valuation of currency swap of ₩1,427 million for the nine months ended September 30, 2008 and 2007 were charged to current operations.

In addition, the Company has entered into fixed-to-fixed cross currency swap contract with Morgan Stanley Bank and two other banks to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$400,000,000 issued on July 20, 2007. In connection with unsettled foreign currency swap contract to which the hedge accounting is not applied, gain on valuation of currency swap of ₩131,299 million and ₩6,258 million for the nine months ended September 30, 2008 and 2007, respectively, was charged to current operations.

As of September 30, 2008, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments as of September 30, 2008 are as follows (In thousands of U.S. dollars, H.K. dollars, Japanese yen and millions of Korean won):

Type	Hedged item	Amount	Duration of contract	Fair value			Total
				Designated as cash flow hedge	Designated as fair value hedge	Not designated	
<b>Current assets:</b>							
Fix-to-fixed cross currency swap	U.S. dollar denominated convertible bond	US\$ 100,000	May 27, 2004 ~ May 27, 2009	₩	₩	₩ 1,788	₩ 1,788
<b>Non-current assets:</b>							
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 400,000	Jul. 20, 2007 ~ Jul. 20, 2017			138,615	138,615
	Japanese yen	JPY 12,500,000	Nov. 13, 2007		44,468		44,468
Floating-to-fixed cross							

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currency interest rate swap	denominated bonds			~ Nov. 13, 2012		
Floating-to-fixed cross	U.S. dollar denominated long-term borrowings			Oct. 10, 2006 ~Oct. 10, 2006		
currency interest rate swap		US\$	100,000	2013	22,934	22,934
Floating-to-fixed	Long-term floating rate discounted bill			Jun. 29, 2006 ~ Jun. 29, 2010		
Interest rate swap		₩	200,000	2010	2,873	2,873
<b>Total assets</b>					₩ 70,275	₩ 140,403
						₩ 210,678

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Type	Hedged item	Amount	Duration of contract	Fair value			Total
				Designated as cash flow hedge	Designated as fair value hedge	Not designated	
<b>Current liabilities:</b>							
Fix-to-fixed cross currency swap	U.S. dollar denominated China Unicom Equity Securities	HK\$ 10,940,900	Sep. 11, 2008 ~ Sep. 16, 2009	₩	₩ 109,934	₩	₩ 109,934
<b>Non-current liabilities:</b>							
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 300,000	Mar. 23, 2004 ~ Apr. 1, 2011		3,194		3,194
A Floating-to-fixed cross currency interest rate swap	Long-term borrowings	US\$ 500,000	July 28, 2008 ~ August 13, 2009		1,709		1,709
<b>Total liabilities</b>					₩ 4,903	₩ 109,934	₩ 114,837

**25. STATEMENTS OF CASH FLOWS**

The statements of cash flows are prepared using the indirect method.

During the nine months ended September 30, 2007, there are no significant non-cash transactions. Significant non-cash transactions for the nine months ended September 30, 2008 are as follows (In millions of Korean won):

Transfer from convertible bonds to current portion of long-term debt	₩ 275,814
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**26. SUBSEQUENT EVENTS****a. Retirement of treasury stock**

In accordance with the resolution of board of directors dated October 23, 2008, the Board resolved to acquire 448,000 shares of treasury stock in the market for the period from October 27, 2008 to January 26, 2009, in order to retire the Company's retained earnings.

**b. Issuance of unguaranteed bonds**

In accordance with the resolution of board of directors dated September 25, 2008, the Company issued unguaranteed bonds with face amount of ₩50 billion and ₩250 billion, respectively, for ₩ 298.7 billion. The bonds bear an annual rate of 6.77% and 6.92%, respectively, and will be repaid in full at their maturities, October 28, 2010 and October 28, 2013, respectively.



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**Forward-Looking Statement Disclaimer**

The material above contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results or performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. We do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. Additional information concerning these and other risk factors are contained in our latest annual report on Form 20-F and in our other filings with the U.S. Securities and Exchange Commission.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**SK Telecom Co., Ltd.**

*(Registrant)*

By: /s/ Tae Jin Park

*(Signature)*

Name: Tae Jin Park

Title: Senior Vice President

Date: December 19, 2008