

SK TELECOM CO LTD
Form 6-K
April 23, 2009

Table of Contents

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 APRIL 2009

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-_____

Table of Contents

ANNUAL REPORT

(From January 1, 2008 to December 31, 2008)

THIS IS A SUMMARY OF THE ANNUAL 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.

Contents

I. Overview

II. Business

III. Financial Information

IV. Auditor's Opinion

V. Management Structure

VI. Shares

VII. Employees

VIII. Transactions with Related Parties

IX. Other Relevant Matters

Attachment: Korean GAAP Consolidated Financial Statements

1

Table of Contents

I. OVERVIEW

1. Corporate 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) Issuance and offering of unguaranteed bonds

In accordance with the resolution of the board of directors dated October 23, 2008, the Company issued on January 22, 2009, unguaranteed bonds with face amounts of Won 40 billion and Yen 3 billion, respectively. The Won-denominated bonds have an annual interest rate of 5.54% and will be repaid in full at their maturity on January 22, 2016. The Yen-denominated bonds have a floating

Table of Contents

interest rate of 3-month Euro Yen libor +2.70% and will be repaid in full at maturity on January 22, 2012.

(2) Retirement of treasury stock

In accordance with the resolution of the board of directors dated October 23, 2008, the Company acquired 448,000 shares (total acquisition cost: Won 92,475,473,000) of treasury stock on the open market from December 2, 2008 to January 7, 2009, and cancelled such treasury stock with its retained earnings on January 9, 2009. As the result of such retirement of treasury stock, the total number of outstanding shares decreased to 80,745,711.

3. Information Regarding Shares

A. Total number of shares

(As of December 31, 2008)

Classification	Share type		Remarks
	Common shares	Total	
I. Total number of issuable shares	220,000,000	220,000,000	
II. Total number of shares issued to date	89,278,946	89,278,946	
III. Total number of shares retired to date	8,085,235	8,085,235	
1. Capital reduction			
2. Share cancellation	8,085,235	8,085,235	
3. Redeemed shares			
4. Others			
IV. Total number of shares (II-III)	81,193,711	81,193,711	
V. Number of treasury shares	8,669,508	8,669,508	
VI. Number of shares outstanding (IV-V)	72,524,203	72,524,203	

* On January 9, 2009, the Company used retained earnings to cancel 448,000 shares of its treasury stock. As the result of such retirement of treasury stock, the total number of outstanding shares decreased to 80,745,711.

Table of Contents

B. Capital Stock and Price per Share

(As of December 31, 2008)

		Capital (total face value)			(Unit: Won, shares)		
		Capital amount	Total amount		Price per share		
		in financial	Total number of	of distributed	Par	Capital/	Capital/
		statements	issued shares	shares	value	number	Number
					per	of	of
					share	issued	distributed
						shares	shares
						(a / IV.	(a / VI. of
Classification	Type	(a)	(IV. of A.xb)	(VI. of A.xb)	(b)	of A.)	A.)
Registered	Common shares	44,639,473,000	40,596,855,500	36,262,101,500	500	549.8	615.5
Total		44,639,473,000	40,596,855,500	36,262,101,500	500	549.8	615.5

4

Table of Contents

C. Acquisition and Disposition of Treasury Shares

(1) Status of Acquisition and Disposition of Treasury Shares

		(Unit: shares)				
Acquisition method to Article 189-2 (1) of the relevant Act ⁽¹⁾	Type of share	Amount at	Acquisition	Disposition	Retirement	Amount at the
		the beginning of period				(+)
Direct acquisition pursuant to Article 189-2 (1) of the relevant Act ⁽¹⁾	Common share	4,644,354	268,800	208,326		4,704,828
	Preferred share					
Direct acquisition based on reasons other than those stipulated in Article 189-2 (1) of the relevant Act	Common share	77,970				77,970
	Preferred share					
Sub-total	Common share	4,722,324	268,800	208,326		4,782,798 ⁽²⁾
	Preferred share					
Indirect acquisition through trust and other agreements	Common share	3,886,710				3,886,710
	Preferred share					
Total	Common share	8,609,034	268,800	208,326		8,669,508
	Preferred share					

Notes:

(1) The relevant Act in the above table is the Korean Securities and Exchange Act.

(2) Of the 4,782,798 shares of treasury stock directly acquired based on reasons 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
December 31,
2008 for any
exchange of the
Company's
overseas
exchangeable
bonds.

Table of Contents

D. Employee Stock Ownership Program

(1) Transactions with the Employee Stock Ownership Program

- a) The Company lent purchase funds for employee stock ownership to the Employee Stock Ownership Program, 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)	2007.12.26	31,017,043	5-year installment repayment plan following a two-year grace period	
8th(2)	2008.1.23	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 December 31, 2008)

(Unit: in thousands of Won)

Classification	Initial Loan	Amount		Balance
		2008 Repayment Amount	Accumulated Repayment Amount (Including 2008 Repayment)	
5th	118,577,754	1,931,212	116,706,722	1,871,032
8th(1)	31,017,043	1,653,764	1,653,764	59,039,318
8th(2)	29,676,039	3,584,976	118,360,486	60,910,350
Total	179,270,836			

(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 with respect to items set out in the shareholders' meeting agenda through a written power of attorney to a designated proxy.

Table of Contents

(3) Shareholdings of the Employee Stock Ownership Program

Classification	Account classification	Types of share	(Unit: shares)	
			Balance at the beginning of period	Balance at the end of period
5th			139,338	114,168
8th(1)	Member Account	Common share	171,871	369,887
8th(2)			208,326	
		Total	519,535	484,055

* 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 stocks in separate individual accounts within the program once the number of shares for each individual member is determined.

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

(As of December 31, 2008)

	Classification	Number of shares	Remarks
Total outstanding shares (A)	Common share	81,193,711	
	Preferred share		
Number of shares without voting right (B)	Common share	8,669,508	Treasury shares
	Preferred share		
Shares with restricted voting right under the Korean Securities and Exchange Act and other laws (C)			
Shares with reestablished voting right (D)			
The number of shares with exercisable voting right (E = A - B - C + D)	Common share	72,524,203	
	Preferred share		

5. Dividends and Others

	Classification	(Unit: in millions of Won except per share data)		
		2008	2007	2006
Par value per share		500	500	500
Current net income		1,277,658	1,642,451	1,446,598
Net income per share		17,559	22,607	19,734
Income available for distribution as dividend		1,205,981	1,570,827	1,574,716
Total cash dividend		681,996	682,379	582,386
Total stock dividend				
Percentage of cash dividend to available income (%)		53.4	41.5	40.3
Cash dividend yield ratio (%)	Common share	4.5	3.8	3.6
	Preferred share			
Stock dividend yield ratio (%)	Common share			
	Preferred share			
Cash dividend per share	Common share	9,400	9,400	8,000
	Preferred share			
Stock dividend per share	Common share			
	Preferred share			

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

As of December 31, 2008, the number of domestic mobile phone subscribers reached 45.6 million and with a 93.8% 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

		(Unit: 1,000 persons)				
		As of December 31,				
Classification		2008	2007	2006	2005	2004
Penetration rate (%)		93.8	89.8	83.2	79.4	75.9
SK Telecom		23,032	21,968	20,271	19,530	18,783
Number of subscribers	Others (KTF, LGT)	22,575	21,529	19,926	18,812	17,803
	Total	45,607	43,497	40,197	38,342	36,586

(Source: Korea Communications Commission 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. 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.

B. Company Status**(1) Market Share**

* Historical market share of the Company

		(Unit: %)		
		As of December 31,		
Classification		2008	2007	2006
Mobile communication services		50.5	50.5	50.4

Table of Contents

* Comparative market share

(As of December 31, 2008)

		SK Telecom	KTF	(Unit: %) LG Telecom
Market share	Classification	50.5	31.5	18.0

(Source: Korea
Communications
Commission
website)

(2) New Business Contents and Prospects
N/A

2. Major Products

A. Status of Major Products

Business field	Sales type	Item	(Unit: in millions of Won, %)	
			Major trademarks	Sales amount (ratio)
Information and communication	Services	Mobile communication	June, NATE and others	11,492,832 (98.4%)
		Others	Others	181,830 (1.6%)

B. Price Trend of Major Products

Mobile phone (Based on standard call charge)	Item	(Unit: Won)		
		2008	2007	2006
	Basic fee (per month)	13,000	13,000	13,000
	Service fee (per 10 seconds)	20	20	20

3. Investment Status

A. Investments in Progress

Business field	Classification	Investment period	Subject of investment	Investment effect	(Unit: in 100 millions of Won)		
					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	19,186	

* Amount already invested is the cumulative amount expended in 2008

Table of Contents

B. Future Investment Plan

(Unit: in 100 millions of Won)

Business field	Expected investment amount		Expected investment for each year		Investment effect
	Asset type	Amount	2009	2010	
Network/Common	Network, systems and others	To be determined	To be determined	To be determined	Upgrades to the existing services and provision of new services
Total					

4. Revenues

(Unit: in millions of Won)

Business field	Sales type	Item	2008	2007	2006
			Information and communication	Services	Mobile communication
			11,492,832	11,083,821	10,497,773
			Subtotal	11,083,821	10,497,773
		Others	Export	4,101	31,105
			Domestic	175,975	122,164
			Subtotal	202,080	153,269
		Total	Export	4,101	31,105
			Domestic	11,281,800	10,619,937
			Total	11,285,901	10,651,042

5. Derivatives and Others

A. Derivatives Contracts

In order to hedge risks related to fluctuations in currency exchange rates or interest rates, the Company enters into currency exchange swap contracts and interest rate swap contracts. The income or loss generated from the derivatives contracts are recognized as the gains/losses for the current period or other comprehensive income/loss, in accordance with Korean GAAP. Fair value of our derivatives is calculated using our transaction bank's valuations.

(1) FX Swap

a) Purpose of Contracts: Currency Exchange or Interest Rate Risk Hedging

b) Contract Terms

Currency swap contract applying cash flow hedge accounting

The Company has entered into a fixed-to-fixed cross currency swap contracts with three banks including Citibank in order to hedge the foreign currency risk of unguaranteed U.S. dollar denominated bonds with face amounts totaling US\$ 300,000,000 issued on April 1, 2004. As of December 31, 2008, in connection with unsettled foreign currency swap contracts to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 9,627 million (excluding

Table of Contents

tax effect totaling Won 3,256 million and foreign exchange translation gain arising from unguaranteed U.S. dollar denominated bonds totaling Won 32,460 million) was accounted for as accumulated other comprehensive loss.

The Company has entered into a floating-to-fixed cross currency swap contract with Calyon 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 December 31, 2008, in connection with unsettled cross currency interest rate swap contracts to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 3,515 million (excluding tax effect totaling Won 549 million and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling Won 30,950 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 two banks including HSBC in order to hedge the foreign currency risk and the interest rate risk of unguaranteed Japanese yen dominated bonds with face amounts totaling JPY 12,500,000,000 issued on November 13, 2007. As of December 31, 2008, in connection with unsettled cross currency interest rate swap contracts to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to Won 1,044 million (net of tax effect totaling Won 1,232 million and foreign exchange translation loss arising from unguaranteed Japanese yen dominated bonds totaling Won 70,168 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with two banks including DBS in order to hedge the foreign currency risk and interest rate risk of U.S. dollar denominated bonds with face amounts totaling US\$ 150,000,000 issued on November 20, 2008. As of December 31, 2008, in connection with unsettled cross currency interest rate swap contracts to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to Won 3,565 million (net of tax effect totaling Won 1,006 million and foreign exchange translation gain arising from U.S. dollar denominated bonds totaling Won 28,518 million) was accounted for as accumulated other comprehensive income.

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 10 banks including Hana Bank in order to hedge the foreign exchange risk of U.S. dollar denominated equity securities of China Unicom. In connection with unsettled foreign currency swap contracts to which the fair value accounting is applied, a loss on valuation of currency swap of Won 190,359 million and Won 12,646 million for the years ended December 31, 2008 and 2007 was charged to current operations.

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 in order to hedge the foreign currency risk of unguaranteed U.S. dollar dominated convertible bonds with face amounts of US\$ 100,000,000 issued on May 27, 2004. In connection with unsettled cross currency swap contracts to which no hedge accounting is applied, a gain on valuation of currency swap of Won 31,361 million and a loss on valuation of currency swap of Won 623 million for the year ended December 31, 2008 and 2007 were charged to current operations.

In addition, the Company has entered into fixed-to-fixed cross currency swap contract with three banks including Morgan Stanley 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 contracts to which the hedge accounting is not applied, a gain on valuation of currency swap of Won 233,056 million and Won 7,316 million for the

years ended December 31, 2008 and 2007, respectively, were charged to current operations.

(2) Interest Rate Swap

a) Purpose of Contracts: Interest Rate Risk Hedging

b) Contract Terms

Table of Contents

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 Won200,000 million borrowed on June 29, 2006. As of December 31, 2008, in connection with unsettled interest rate swap contracts to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won3,686 million (net of tax effect totaling Won1,040 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a floating-to-fixed interest rate swap contract with three banks including Nonghyup Bank in order to hedge the interest rate risk of long-term floating rate borrowings with face amounts of Won 500,000 million borrowed between July 28, 2008 and August 13, 2008. As of December 31, 2008, in connection with unsettled interest rate swap contracts to which the cash flow hedge accounting is applied, an accumulated loss on valuation of derivatives amounting to Won 22,443 million (net of tax effect totaling Won 6,330 million) was accounted for as accumulated other comprehensive loss.

Table of Contents**6. R&D Investments**

		(Unit: in thousands of Won)			
	Category	2008	2007	2006	Remarks
	Raw material	89,176	96,217	184,969	
	Labor	38,062,791	39,388,760	33,986,701	
	Depreciation	138,511,764	129,208,262	134,461,257	
	Commissioned service	85,836,738	90,363,645	83,751,223	
	Others	34,539,984	37,609,969	35,680,197	
	Total R&D costs	297,040,453	296,666,853	288,064,347	
	Sales and administrative expenses				
	Accounting	293,443,380	288,519,863	277,807,352	
	Development expenses (Intangible assets)	3,597,072	8,146,990	10,256,995	
	R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100)	2.54%	2.63%	2.70%	

7. Other Matters

A. Summary of External Financing

* Domestic financing

		(Unit: in millions of Won)				
	Source of financing	Beginning balance	New financing	Reduction from repayment	Ending balance	Remarks
	Bank	200,000	500,000		700,000	
	Insurance company					
	Merchant banking					
	Loan specialty financial company					
	Mutual savings bank					
	Other financial institutions					
	Total financing from financial institutions	200,000	500,000		700,000	
	Corporate bond (public offering)	1,704,166	770,070	300,000	2,174,236	Issuance of CB and exchange rate adjustment
	Corporate bond (private					

Table of Contents

(Unit: in millions of Won)

Source of financing placement)	Beginning balance	New financing	Reduction from repayment	Ending balance	Remarks
Paid-in capital increase (public offering)					
Paid-in capital increase (private placement)					
Asset backed securitization (public offering)					
Asset backed securitization (private placement)					
Others		1,150,000	995,300	154,700	Issuance of CP
Total financing from capital market	1,704,166	1,920,070	1,295,300	2,328,936	
Borrowings from shareholder, officer and affiliated company					
Others					
Total	1,904,166	2,420,070	1,295,300	3,028,936	
* Overseas financing					

(Unit: in millions of Won)

Financing source	Beginning balance	New financing	Reduction in repayment and others	Ending balance	Remarks
Financial institutions	93,820	31,930		125,750	Exchange rate adjustment
Overseas securities (Corporate bonds)	656,740	412,135		1,068,875	Issuance of Floating Rate Note and exchange rate adjustment
Overseas securities (shares and others)	268,415			268,415	
Asset backed securitization					

Table of Contents

(Unit: in millions of Won)

Financing source	Beginning balance	New financing	Reduction in repayment and others	Ending balance	Remarks
Others					
Total	1,018,975	444,065		1,463,040	

B. Credit Ratings

(1) Corporate Bonds

Credit rating date	Subject of valuation	Credit rating	Credit rating entity (Credit rating range)	Evaluation classification
June 13, 2006	Corporate bond	AAA	Korea Information Services, 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	Korea Information Services, 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	Korea Information Services, 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	Korea Information Services, 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	Corporate bond	AAA	Korea Information Services, Inc.	Current valuation
November 5, 2007	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
February 20, 2008	Corporate bond	AAA	Korea Ratings	Current valuation
February 21, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
February 21, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Current valuation
June 3, 2008		AAA	Korea Ratings	Regular valuation

	Corporate bond			
June 17, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Regular valuation
June 30, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Regular valuation
October 20, 2008	Corporate bond	AAA	Korea Ratings	Current valuation
October 20, 2008	Corporate bond	AAA	Korea Investors Service, Inc.	Current valuation
October 20, 2008	Corporate bond	AAA	Korea Information Services, Inc.	Current 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.

Table of Contents

(2) Commercial Paper (CP)

Credit rating date	Subject of valuation	Credit rating	Credit rating entity (Credit rating range)	Evaluation classification
January 3, 2006	CP	A1	Korea Information Services, Inc.	Regular valuation
January 4, 2006	CP	A1	Korea Ratings	Regular valuation
June 13, 2006	CP	A1	Korea Information Services, 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	Korea Information Services, 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	Korea Information Services, 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	Korea Information Services, 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	Korea Information Services, 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.

(3) International Credit Ratings

Date of credit rating	Subject of valuation	Credit rating of securities	Credit rating company (Credit rating range)	Evaluation type
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 (Consolidated)

(Unit: in millions of Won)

Classification	As of or for the year ended December 31,				
	2008	2007	2006	2005	2004
Current assets	5,422,447	4,813,072	4,663,962	4,598,580	4,390,692
Quick assets	5,387,473	4,766,020	4,644,184	4,590,796	4,338,371
Inventory	34,974	47,052	19,778	7,784	52,321
Non-current assets	17,051,224	14,235,863	11,576,006	10,106,193	9,892,665
Investments	4,025,429	5,446,711	3,236,783	1,989,934	1,665,841
Property and Equipment	7,437,689	4,969,353	4,507,335	4,663,369	4,703,922
Intangible assets	3,978,145	3,433,962	3,518,411	3,452,889	3,522,903
Other non-current assets	1,609,961	385,836	313,477		
Total assets	22,473,671	19,048,935	16,239,968	14,704,772	14,283,358
Current liabilities	4,628,821	3,016,874	3,208,416	2,863,373	3,066,893
Non-current liabilities	6,020,410	4,344,428	3,548,464	3,513,860	4,010,721
Total liabilities	10,649,231	7,361,302	6,756,880	6,377,233	7,077,614
Capital Stock	44,639	44,639	44,639	44,639	44,639
Capital surplus	2,958,854	2,956,106	2,950,327	2,954,840	2,968,301
Capital adjustment	(-)2,159,389	(-)2,072,723	(-)2,019,567	(-)2,048,515	(-)2,058,292
Accumulated other comprehensive income	356,192	1,591,258	490,010		
Retained earnings	9,448,185	8,914,970	7,847,434	7,267,649	6,152,898
Minority interest	1,175,959	11,687,633	170,245		
Total stockholders equity	11,824,440	19,048,935	9,483,088	8,327,540	7,205,743
Operating revenue	14,020,984	11,863,357	11,027,977	10,721,820	10,570,615
Operating income	1,752,468	2,101,955	2,621,132	2,670,616	2,439,749
Income from continuing operation before income tax	1,258,738	2,285,765	2,021,578	2,561,567	2,123,176
Net income	972,338	1,562,265	1,449,552	1,868,307	1,493,414
Net income attributable to majority interests	1,215,719	1,648,876	1,451,491	1,872,978	1,491,479
Number of Consolidated Companies	35	26	18	17	11

* See the attached Korean GAAP Consolidated Financial Statements.

Table of Contents

2. Summary Financial Statements (Non-consolidated)

(Unit: in millions of Won)

Classification	As of and for the year ended December 31,				
	2008	2007	2006	2005	2004
Current assets	3,990,503	4,094,059	4,189,325	4,172,485	3,854,345
Quick assets	3,976,576	4,075,378	4,172,887	4,166,500	3,843,384
Inventory	13,927	18,681	16,438	5,985	10,961
Non-current assets	14,626,992	14,038,451	11,624,728	10,349,191	10,166,360
Investments	5,668,127	5,940,045	3,547,942	2,366,760	2,112,488
Property and Equipment	4,698,214	4,594,413	4,418,112	4,595,884	4,605,253
Intangible assets	2,941,592	3,174,942	3,405,158	3,386,547	3,448,619
Other non-current assets	1,319,059	329,051	253,516		
Total assets	18,617,495	18,132,510	15,814,053	14,521,676	14,020,705
Current liabilities	3,412,490	2,484,548	2,985,620	2,747,268	2,859,711
Non-current liabilities	4,475,998	4,221,016	3,522,006	3,516,528	4,033,902
Total liabilities	7,888,488	6,705,564	6,507,626	6,263,796	6,893,613
Capital Stock	44,639	44,639	44,639	44,639	44,639
Capital surplus	2,957,095	2,954,829	2,962,699	2,966,198	2,983,166
Capital adjustment	(-)2,147,530	(-)2,072,486	(-)2,019,568	(-)2,022,817	(-)2,057,422
Accumulated other comprehensive income	373,784	1,594,099	473,904		
Retained earnings	9,501,018	8,905,865	7,844,753	7,269,861	6,156,708
Minority interest	10,729,007	11,426,946	9,306,427	8,257,881	7,127,091
Total stockholders equity	11,674,662	11,285,900	10,650,952	10,161,129	9,703,681
Operating revenue	2,059,896	2,171,543	2,584,370	2,653,570	2,359,581
Operating income	1,506,076	2,316,112	2,021,643	2,554,613	2,115,778
Income from continuing operation before income tax	1,277,658	1,642,451	1,446,598	1,871,380	1,494,852

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

2008	Year ended December 31, 2007	2006
Deloitte Anjin LLC	Deloitte Anjin LLC	Deloitte Anjin LLC

2. Audit Opinion

Term	Auditor s opinion	Issues noted
Year ended December 31, 2008	Appropriate	
Year ended December 31, 2007	Appropriate	
Year ended December 31, 2006	Appropriate	

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

Term	Auditors	Contents	(Unit: in thousands of Won)	
			Fee	Total hours
Year ended December 31, 2008	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,310,097	13,346
Year ended December 31, 2007	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	1,066,318	11,468
Year ended December 31, 2006	Deloitte Anjin LLC	Semi-annual review Quarterly review Non-consolidated financial statements audit Consolidated financial statements audit	656,000	7,637

Table of Contents

B. Non-Audit Services Contract with External Auditors

(Unit: in thousands of Won)

Term	Contract date	Service provided	Service duration	Fee
	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
	August 13, 2008	Tax consulting	10 days	9,400
	November 1, 2008	Tax consulting	4 days	5,000
Year ended December 31, 2008	November 19, 2008	Tax consulting	10 days	10,800
	November 19, 2008	Review of deferred corporate income tax for 1Q and 2Q	10 days	18,000
	December 24, 2008	Review of deferred corporate income tax for 3Q	3 days	6,000
	December 24, 2008	Tax consulting	3 days	3,600
	December 24, 2008	Tax consulting	3 days	3,000
	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
Year ended December 31, 2007	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 13, 2006	Tax adjustment for fiscal year 2005	29 days	27,000
	April 30, 2006	Tax consulting	7 days	45,000
Year ended December 31, 2006	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

Table of Contents

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

Appointment of the representative director and decisions on co-representatives

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 as a result of budget increases

Investments with planned budget increases of Won 50 billion or greater

Investments and joint ventures of Won 50 billion or greater (For new investments and new joint ventures, 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 Korean Anti-trust and Fair Trade Act

In relation to transactions undertaken with related parties, approval of material changes to disclosed matters pursuant to the Korean Anti-trust and Fair Trade Act

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

Enactment of and amendment to the Company's Management 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

Table of Contents

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 30th 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 independent non-executive directors

Matters delegated to the representative director that the Board of Directors requests 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 17, 2009, in the notice of the annual general meeting of shareholders, information on Jae Won Chey, Man Won Jung, Hyun Chin Lim, 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

Meeting	Date	Agenda	Approval
289th (the first meeting of 2008)	January 31, 2008	Financial statements for the year ended December 31, 2007	Approved as proposed
		Annual business report for the year ended December 31, 2007	Approved as proposed
		Incorporation of an entity for Convergence Business in USA	Approved as proposed
290th (the second meeting of 2008)	February 19, 2008	Convocation of the 24 th General Meeting of Shareholders	Approved as proposed
		Issuance of Corporate Bond	Approved as proposed
291st (the third meeting of 2008)	March 14, 2008	Election of the representative director	Approved as proposed
		Election of committee members	Approved as proposed
292nd (the fourth meeting of 2008)	March 28, 2008	Incorporation of SK Marketing & Company (provisional name)	Approved as proposed
		Capital investment in TU Media Co., Ltd.	Approved as proposed
		Amendment of internal regulations	Approved as proposed
		The Participation in the Capital Increase of Cyworld China (Holdings) Limited	Approved as proposed

Table of Contents

Meeting	Date	Agenda	Approval
		Appointment of Independent Non-executive Director Nomination Committee Member	Approved as proposed
293rd (the fifth meeting of 2008)	May 30, 2008	Establishment of Corporate Citizenship Committee and Appointment of Committee Members	Amended and approved
		Contract with TU Media Co., Ltd. regarding satellite utilization fees	Approved as proposed
294th (the sixth meeting of 2008)	June 11, 2008	Sale of SK C&C Co., Ltd Shares	Approved as proposed
		Investment in a Beijing office building	Approved as proposed
		Investment in Beijing U-City business	Approved as proposed
295th (the seventh meeting of 2008)	July 18, 2008	Interim Dividend	Approved as proposed
		Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed
		Long-term Debt Financing	Approved as proposed
296th (the eighth meeting of 2008)	August 21, 2008	Transaction with SK Networks Co. Ltd. in 2008	Approved as proposed
		Investments in additional WCDMA Equipment and in Marketing Activities for 2008	Approved as proposed
		Incorporation of SK Telecom's Affiliate Company for Sales	Approved as proposed
297th (the ninth meeting of 2008)	September 25, 2008	Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed
		Issuance of Corporate Bonds	Approved as proposed
		Transfer of MeOn Business Segment and capital investment in LOEN Entertainment Co., Ltd.	Approved as proposed
298th (the tenth meeting of 2008)	October 23, 2008	Acquisition of Treasury Stocks for Cancellation	Approved as proposed
		Long-term Financing Plan	Approved as proposed
299th (the eleventh meeting of 2008)	December 19, 2008	Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed
		Contract to use SK Brand	Approved as proposed
		Financial Statements for the year ended December 31, 2008	Approved as proposed
300th (the first meeting of 2009)	January 22, 2009	Annual Business Report for the year ended December 31, 2008	Approved as proposed
		Annual Business Plan and Budgeting for FY 2009	Approved as proposed
		Issuance of Corporate Bonds	Approved as proposed

Table of Contents

Meeting	Date	Agenda	Approval
301st (the second meeting of 2009)	February 17, 2009	Convocation of the 25 th General Meeting of Shareholders Partnership Agreement with Offshore Private Equity Fund Election of the Representative Director Revision to the Regulations for the Board of Directors	Approved as proposed Approved as proposed Approved as proposed Approved as proposed
302nd (the third meeting of 2009)	March 13, 2009	Appointment of Chairman of the Board of Directors Long-term Financing Plan for Foreign Currency Issuance of Offshore Exchangeable Bonds and Transfer of Treasury Shares in relation thereto Asset Management Transaction with Affiliated Company (SK Securities)	Approved as proposed Approved as proposed Approved as proposed
(4)	Committee Structure and Activities of the Committees of the Board of Directors		
a)	Independent Non-executive Director Nomination Committee Organization		

(As of December 31, 2008)

Number of Persons	Chairman	Executive Directors	Members
4	Shin Bae Kim	Sung Min Ha	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

Date	Details	Approval	D.S. Shim (100%)*	H.J. Lim (100%)*
Feb. 19, 2008	24 General Meeting of Shareholders: Nomination of Independent Non-executive Director Candidates: Rak Yong Uhm, Jay Young Chung, Jae Ho Cho	Approved	For	For
July 18, 2008	Proposal to nominate Shin Bae Kim as the Chairman of the Committee	Approved	For	For

* Attendance Rate
for the Board of
Directors
Meetings

25

Table of Contentsb) Compensation Review Committee
Organization

(As of December 31, 2008)

Number of Persons

5 persons

Executive Directors**Members****Independent non-executive Directors**Hyun Chin Lim, Dal Sup Shim, Rak Yong Uhm, Jay
Young Chung, Jae Ho Cho

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

Activities

Date	Details	Approval	Y.W.	D.S.	H.J.	R.Y.	J.Y.	J.H.
			Kim (100%)*	Shim (100%)*	Lim (100%)*	Uhm (100%)*	Chung (100%)*	Cho (100%)*
March 27, 2008	Appointment of Chairman of the Committee	Approved	For	For	For	For	For	For
April 25, 2008	Discussion of Committee operation procedures		Resigned					

* Attendance Rate for the Board of Directors Meetings

c) Capex Review Committee
Organization

(As of December 31, 2008))

Number of Persons

5 persons

Executive Directors

Young Ho Park, Sung Min Ha

Members**Independent non-executive Directors**

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.

Table of Contents

Activities

Date	Details	Approval	R.Y. Uhm (100%)*	D.S. Shim (100%)* Vote	J.Y. Chung (100%)*
April 26, 2008	Appointment of Chairman of the Committee	Approved	For	For	For
* Attendance Rate for the Board of Directors Meetings d) Corporate Citizenship Committee Organization (As of December 31, 2008)					

Members

Number of Persons	Executive Directors	Independent Non-executive Directors
5 persons	Young Ho Park, Sung Min Ha	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.

Activities

Date	Details	Approval	R.Y. Uhm (100%)*	H.J. Lim (100%)* Vote	J.Y. Chung (100%)*
Sep. 10, 2008	Appointment of Chairman of the Committee	Approved	For	For	For
* Attendance Rate for the Board of Directors Meetings 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.

Table of Contents

- 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.
- (4) Major Activities of the Audit Committee

Meeting	Date	Agenda	Approval	Remarks
The first meeting of 2008	January 31, 2008	Audit Report on Internal Monitoring System 2007 Management Audit Results and 2008 Management Audit Plan Financial Statements for 24 th Fiscal Year Business Report for 24 th Fiscal Year 2008 Transactions Plan with SK C&C Evaluation of Internal Accounting Controls Results Reports on Review of Internal Accounting Management System for 24 th Fiscal Year Reports on 2007 Korean GAAP Audit	Approved as proposed	
The second meeting of 2008	February 18, 2008	Auditor's Report for Fiscal Year 2007 Evaluation of Internal Accounting Management System Operation Issuance of Corporate Bond Nomination of the Chairman of the Committee	Approved as proposed Approved as proposed	
The third meeting of 2008	March 27, 2008	2008 2Q Transaction with SK C&C Co., Ltd. Planning for Amendment to Internal Accounting Rules	Approved as proposed Approved as proposed	

Table of Contents

Meeting	Date	Agenda	Approval	Remarks
The fourth meeting of 2008	May 29, 2008	Construction of Mobile Phone Facilities for 2008	Approved as proposed	
		Purchase of Mobile Phone Relay Device for 2008	Approved as proposed	
		Agency Agreement with SK Marketing & Company for 2008	Approved as proposed	
		B2B Agreement with TU Media Co., Ltd.	Approved as proposed	
		Auditor Fees for 2008	Approved as proposed	
The fifth meeting of 2008	June 11, 2008	Renewal of Service Contract with Auditor for 2008	Approved as proposed	
		Planning for Fiscal Year 2008 Audit 2008 3Q Transactions with SK C&C Co., Ltd.	Approved as proposed	
The sixth meeting of 2008	June 26, 2008	Report on Results for Fiscal Year 2008 US GAAP Audit		
The seventh meeting of 2008	July 17, 2008	Interim Closing of Accounts for Six Months ended 2008		
		Planning of Interim Dividends		
		Planning of Asset Management Transactions with Affiliated Company (SK Securities)		
The eighth meeting of 2008	August 20, 2008	Purchase of Mobile Phone Relay Device for 2008	Approved as proposed	
		Construction of Mobile Phone Facilities for 2008	Approved as proposed	
		Report on Korean GAAP Review of the Financial Statements for the First Half of 2008		
		Evaluation of Internal Accounting Controls Management Audit Results for the First Half of 2008		
		Service Contract with SKTA	Approved as proposed	
The ninth meeting of 2008	September 24, 2008	Purchase of Mobile Phone Relay Device for 2008	Approved as proposed	
		Construction of Mobile Phone Facilities for 2008	Approved as proposed	
		2008 4Q Transaction with SK C&C Co., Ltd.	Approved as proposed	
		Planning of Asset Management Transactions with Affiliated Company (SK Securities)		
The tenth meeting of 2008	October 22, 2008	Plans for Issuance of Corporate Bonds Plans for Acquisition of Treasury Stock for Cancellation		

2008

Long-term Financing Plan

29

Table of Contents

Meeting	Date	Agenda	Approval	Remarks
The eleventh meeting of 2008	November 20, 2008	Purchase of Mobile Phone Relay Device for 2008	Approved as proposed	
		Pursuit of Integrated Loyalty Marketing	Approved as proposed	
		Mobile Cyworld Service ASP Contract	Approved as proposed	
		Increased Auditor Fees for 2008	Approved after amendment	
		Status of Purchase Process of Phone Relay Device		
		Summary and Status of CP		
		Shareholder Return Policy for 2009		
		2009 1Q Transactions with SK C&C Co., Ltd.	Approved as proposed	
		Outdoor Media Advertisement Agency	Approved as proposed	
		Service Contracts for Handset A/S Operation	Approved as proposed	
The twelfth meeting of 2008	December 18, 2008	Lease of Telecommunication Equipment	Approved as proposed	
		Service Contract with SKT China Holding Co.	Approved as proposed	
		Service Contract with SKTA	Approved as proposed	
		Renewal of IT SM Contract	Approved as proposed	
		Planning of Asset Management Transaction with Affiliated Company (SK Securities)		
		Plans for Issuance of Corporate Bonds		
		B2B contract with TU Media	Approved as proposed	
		Internal Auditor's Report on Internal Monitoring System	Approved as proposed	
		Management Audit Results for the Second Half of 2008		
		Evaluation of Internal Accounting Controls		
The first meeting of 2009	January 21, 2009	Reports on 2008 Korean GAAP Audit		
		Report on Review of Internal Accounting Management System		
		2009 Management Audit Plan		
		Auditor's Report for Fiscal Year 2008		
The second meeting of 2009	February 16, 2009			

Evaluation of Internal Accounting Management System Operation	Approved as proposed
Appointment of Auditor for FY 2009-2011	Approved as proposed
Construction of Mobile Phone Facilities for 2009	Approved as proposed

Table of Contents

Meeting	Date	Agenda	Approval	Remarks
The third meeting of 2009	March 13, 2009	Purchase of Mobile Phone Relay Device for 2009	Approved as proposed	
		Construction of Mobile Phone Facilities for 2009	Approved as proposed	
		2009 2Q Transactions with SK C&C Co., Ltd.	Approved as proposed	
		Long-term Financing Plan for Foreign Currency		
		Issuance of Offshore Exchangeable Bonds and Transfer of Treasury Shares		
		Asset Management Transaction with Affiliated Company (SK Securities)		
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 th 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)

Classification	Total payment	Total amount approved by the Meeting of Shareholders	Average payment per person	Remarks
Executive directors	4,482		1,581	
Independent Non-executive directors	480	12,000	80	Including members of the Audit Committee

Table of Contents

(2) Granting and Exercise of Stock Options (As of December 31, 2008)

N/A

E. Directors and Officers Insurance

Insurance Payment			Coverage	
2008	Cumulative (including 2008)	Amount	Period	
417	417	50,000	From July 2008 to June 2009	

2. Affiliated Companies

(1) Summary of Corporate Group

Name: SK Group

(2) Capital Investments between Affiliated Companies

(As of December 31, 2008)

* Based on common shares

Investing company	Invested companies							
	SK Corporation	SK Energy	SK Networks	SK Telecom	SK Chemicals	SKC	SK E&C	SK Shipping
SK Corporation		33.40%	39.98%	23.09%		42.50%		72.13%
SK Energy								
SK Networks							0.02%	17.71%
SK Telecom								
SK Chemicals							58.03%	
SKC								10.16%
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C	30.78%							
Daehan City Gas								
SK Telink								
SK E&S								
iHQ								
SK D&D								

Table of Contents

(As of December 31, 2008)

* Based on common shares

Investing company	Invested companies							
	SK Corporation	SK Energy	SK Networks	SK Telecom	SK Chemicals	SKC	SK E&C	SK Shipping
SK Communications								
Solmics Co., Ltd.								
SK Broadband								
Broadband D&M								
SK Marketing & Company								
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	30.78%	33.40%	39.98%	23.09%		42.50%	58.05%	100.00%

Investing companies	Invested companies							
	SK Securities	Walkerhill	SK E&S	SK Gas	SK C&C	K-Pover	DOPCO	CCES
SK Corporation			51.00%	45.53%		65.00%		
SK Energy							38.28%	
SK Networks	22.71%	50.37%			15.00%		4.61%	
SK Telecom					30.00%			
SK Chemicals		0.25%						
SKC	12.41%	7.50%						
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C								
Daehan City Gas								
SK Telink								
SK E&S								100.00%
iHQ								
SK D&D								
SK Communications								
Solmics Co., Ltd.								
SK Broadband								
Broadband D&M								
SK Marketing & Company								
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	35.12%	58.12%	51.00%	45.53%	45.00%	65.00%	42.89%	100.00%

Table of Contents

Investing companies	Invested companies							
	YN Energy	Daehan City Gas	Daehan Engineering	SK Sci-tech	SK NJC	SK Telink	Busan City Gas	Jeonnam City Gas
SK Corporation								
SK Energy								
SK Networks								
SK Telecom						90.77%		
SK Chemicals				50.00%	60.00%			
SKC								
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C								
Daehan City Gas			100.00%					
SK Telink								
SK E&S	100.00%	47.62%					40.00%	100.00%
iHQ								
SK D&D								
SK Communications								
Solmics Co., Ltd.								
SK Broadband								
Broadband D&M								
SK Marketing & Company								
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	100.00%	47.62%	100.00%	50.00%	60.00%	90.77%	40.00%	100.00%

Investing companies	Invested companies							
	Gangwon City Gas	GBES	OK Cashbag Service	Chungnam City Gas	SK Wyverns	Infosec	MRO Korea	SK Telesys
SK Corporation								
SK Energy								

Table of Contents

	Invested companies							
	Gangwon		OK Cashbag	Chungnam	SK		MRO	SK Telesys
Investing companies	City Gas	GBES	Service	City Gas	Wyverns	Infosec	Korea	
SK Networks							51.00%	
SK Telecom					99.99%			
SK Chemicals								
SKC						20.63%		77.13%
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C						48.14%		
Daehan City Gas								
SK Telink								
SK E&S	100.00%	100.00%		100.00%				
iHQ								
SK D&D								
SK Communications								
Solmics Co., Ltd.								
SK Broadband								
Broadband D&M								
SK Marketing & Company			100.00%					
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	100.00%	100.00%	100.00%	100.00%	99.99%	68.77%	51.00%	77.13%

	Invested companies							
			Encar	F&U Credit		TU	SK	SK
Investing companies	Innoace	AirCROSS	network	Info.	Paxnet	Media	D&D	Utis
SK Corporation								
SK Energy			87.50%					
SK Networks	43.08%							
SK Telecom	14.25%	100.00%		50.00%	59.74%	44.15%		
SK Chemicals								60.00%
SKC								
SK E&C							44.98%	
SK Shipping								
SK Securities				40.00%				
Walkerhill								

Table of Contents

Investing companies	Invested companies							
	Innoace	AirCROSS	Encar network	F&U Credit Info.	Paxnet	TU Media	SK D&D	SK Utis
SK C&C								
Daehan City Gas								
SK Telink								
SK E&S								
iHQ								
SK D&D								
SK Communications								
Solmics Co., Ltd.								
SK Broadband								
Broadband D&M								
SK Marketing & Company								
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	57.33%	100.00%	87.50%	90.00%	59.74%	44.15%	44.98%	60.00%

Investing companies	Invested companies							
	SK CTA	Loen Entertainment	Independent	SK Petrochemical	SK Mobile Energy	SKC Media	iHQ	CU Media
SK Corporation								
SK Energy	33.67%			100.00%	88.34%			
SK Networks								
SK Telecom		63.48%					37.09%	
SK Chemicals								
SKC					11.66%	100.00%		
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C			67.78%					
Daehan City Gas								
SK Telink								
SK E&S								
iHQ								52.52%
SK D&D								
SK Communications								
Solmics Co., Ltd.								
SK Broadband								

Table of Contents

	Invested companies							
	SK	Loen	SK	SK Mobile	SKC	iHQ	CU	
Investing companies	CTA	Entertainment	Independent	Petrochemical	Energy	Media		Media
Broadband D&M								
SK Marketing & Company								
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	33.67%	63.48%	67.78%	100.00%	100.00%	100.00%	37.09%	52.52%
	Invested companies							
	I Film	NTREEV	SK	SK		I	SKC Air	SKN
Investing companies	Co.	Soft	I-Media	Communication	Ecogreen	Platform	Gas	Service
SK Corporation								
SK Energy								
SK Networks					55.00%	66.67%		100.00%
SK Telecom		63.70%		64.82%				
SK Chemicals								
SKC							80.00%	
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C								
Daehan City Gas								
SK Telink				0.89%				
SK E&S								
iHQ	45.00%							
SK D&D								
SK Communications			100.00%					
Solmics Co., Ltd.								
SK Broadband								
Broadband D&M								
SK Marketing & Company								
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	45.00%	63.70%	100.00%	65.71%	55.00%	66.67%	80.00%	100.00%

Table of Contents

Investing companies	Invested companies							
	Nuri Solution	Commerce Planet	Reviden Asset	Solmics Co., Ltd.	Mecharonic	SK Broadband	Hanaro Dream	Broadband Media
SK Corporation								
SK Energy								
SK Networks								
SK Telecom		100.00%				43.42%		
SK Chemicals								
SKC				48.70%				
SK E&C			99.00%					
SK Shipping								
SK Securities								
Walkerhill								
SK C&C	46.32%							
Daehan City Gas								
SK Telink								
SK E&S								
iHQ								
SK D&D			1.00%					
SK Communications								
Solmics Co., Ltd.					48.66%			
SK Broadband							36.03%	100.00%
Broadband D&M								
SK Marketing & Company								
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	46.32%	100.00%	100.00%	48.70%	48.66%	43.42%	36.03%	100.00%

Investing companies	Invested companies							
	Broadband D&M	Broadband CS	Broadband TS	Broadband Seoul CS	Broadband Kyoungki CS	Broadband Busan CS	Broadband Kwangju CS	Miracle IT
SK Corporation								
SK Energy								
SK Networks								
SK Telecom								
SK Chemicals								
SKC								

Table of Contents

Investing companies	Invested companies							Miracle IT
	Broadband D&M	Broadband CS	Broadband TS	Broadband Seoul CS	Broadband Kyoungki CS	Broadband Busan CS	Broadband Kwangju CS	
SK E&C								
SK Shipping								
SK Securities								
Walkerhill								
SK C&C								
Daehan City Gas								
SK Telink								
SK E&S								
iHQ								
SK D&D								
SK Communications								
Solmics Co., Ltd.								
SK Broadband	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Broadband D&M								100.00%
SK Marketing & Company								
SK Gas								
Ulreung Mineral Co., Ltd.								
Total affiliated companies	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Investing companies	Invested companies							Incyto
	SK Marketing & Company	UB Care	DOP Service	Ulreung Mineral Co., Ltd.	Ulreung Deep Water	WS Commerce	Namwon Sarang Electric Power	
SK Corporation								
SK Energy	50.00%							
SK Networks						100.00%		
SK Telecom	50.00%							
SK Chemicals		43.97%						
SKC								100.00%
SK E&C			4.90%					
SK Shipping								
SK Securities								
Walkerhill								
SK C&C								
Daehan City Gas								

Table of Contents

Investing companies	SK Marketing		Invested companies					Incyto
	& Company	UB Care	DOP Service	Ulreung Mineral Co., Ltd.	Ulreung Deep Water	WS Commerce	Namwon Sarang Electric Power	
SK Telink								
SK E&S			95.10%					
iHQ								
SK D&D							100.00%	
SK Communications								
Solmics Co., Ltd.								
SK Broadband								
Broadband D&M								
SK Marketing & Company								
SK Gas				80.36%				
Ulreung Mineral Co., Ltd.					100.00%			
Total affiliated companies	100.00%	43.97%	100.00%	80.36%	100.00%	100.00%	100.00%	100.00%

Investing companies	Invested companies			
	Jeju United FC	Cross M Insight	MKS Guarantee	Etoos
SK Corporation				
SK Energy	100.00%			
SK Networks				
SK Telecom				
SK Chemicals				
SKC				
SK E&C				
SK Shipping				
SK Securities				
Walkerhill				
SK C&C				
Daehan City Gas				
SK Telink				
SK E&S				
iHQ				
SK D&D			99.00%	
SK Communications				100.00%
Solmics Co., Ltd.				
SK Broadband				
Broadband D&M				

Table of Contents

	Jeju United FC	Cross M Insight	Invested companies	
			MKS Guarantee	Etoos
Investing companies				
SK Marketing & Company		100.00%		
SK Gas				
Ulreung Mineral Co., Ltd.				
Total affiliated companies	100.00%	100.00%	99.00%	100.00%

41

Table of Contents**VI. SHARES****1. Distribution of Shares****A. Shareholdings of the Largest Shareholder and Related Persons**

(As of December 31, 2008)

(Unit: shares, %)

Name	Relationship	Types of shares	Number of shares owned (equity rate)				Cause change		
			Beginning	Increase	Decrease	Ending			
			Number of shares	Ownership ratio	Number of shares	Number of shares	Number of shares	Ownership ratio	
SK Corporation	Largest Shareholder	Common stock	17,663,127	21.75	1,085,325		18,748,452	23.09	Purchase of Common stock of the Company from SK Networks
Tae Won Chey	Officer of affiliated company	Common stock	100	0.00			100	0.00	
Shin Won Chey	Officer of affiliated company	Common stock	0	0.00	500		500	0.00	Open market purchase
Shin Bae Kim	Director	Common stock	1,270	0.00			1,270	0.00	
Bang Hyung Lee	Officer of affiliated company	Common stock	400	0.00		200	200	0.00	Open market sale
Sung Min Ha	Director	Common stock	738	0.00			738	0.00	
		Common stock	17,665,635	21.75	1,085,325	200	18,751,260	23.09	
Total		Preferred stock					0	0.00	
		Total	17,665,635	21.75	1,085,325		18,751,260	23.09	

Largest Shareholder: SK Corporation

Number of Related Persons: 5

Table of Contents

B. Shareholders with More than 5% Shareholding

(As of December 31, 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	SK Corporation	18,748,452	23.09			18,748,452	23.09
2	Citibank ADR	17,008,755	20.95			17,008,755	20.95
3	SK Telecom	8,669,508	10.68			8,669,508	10.68
	Total	44,426,715	54.72			44,426,715	54.72

C. Shareholder Distribution

(As of December 31, 2008)

Classification	Number of shareholders	Ratio (%)	Number of shares	Ratio (%)	Remarks
Total minority shareholders	23,685	99.95	31,279,161	38.52	
Minority shareholders (corporate)	1,110	4.68	12,849,333	15.82	
Minority shareholders (individual)	22,575	95.27	18,429,828	22.69	
Largest Shareholder and Related Persons	6	0.01	18,751,260	23.09	
Major shareholders					
Other shareholders	10	0.04	49,914,550	61.47	
Other shareholders (corporate)	8	0.03	32,088,119	39.52	
Other shareholders (individual)	2	0.00	17,826,431	21.95	
Total	23,695	100.00	81,193,711	100.00	

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

		(Unit: Won, shares)					
Types		December 2008	November 2008	October 2008	September 2008	August 2008	July 2008
Common stock	Highest	224,000	232,000	230,000	210,500	205,000	195,500
	Lowest	201,000	201,000	185,500	200,000	188,500	178,000
Monthly transaction volume		7,036,880	6,509,801	10,063,707	8,495,764	6,354,641	5,910,740

B. Overseas Securities Market

		(Unit: US\$, ADR)					
Types		December 2008	November 2008	October 2008	September 2008	August 2008	July 2008
Depository Receipt	Highest	18.80	19.24	19.92	20.82	22.29	22.20
	Lowest	15.11	14.83	14.01	18.68	19.60	19.97
Monthly transaction volume		50,873,000	36,884,100	59,291,300	33,989,886	46,673,046	25,823,710

VII. EMPLOYEES

(As of December 31, 2008)

(Unit: persons, in millions of Won)

Classification	Number of employees				Average service year	Total half year wage	Average wage per person	Remarks
	Office managerial positions	Production positions	Others	Total				
Male	3,815			3,815	10.7	248,348	64	
Female	596			596	8.8	30,970	50	
Total	4,411			4,411	10.5	279,318	62	

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

(Year Ended December 31, 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		575	3,557	372	

B. Equity Investments

(Year Ended December 31, 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	
SK M&C	Affiliated company	Common share		190,000		190,000	
TU Media	Affiliated company	Common share	96,979	55,000		151,979	
LOEN Entertainment	Affiliated company	Common share	27,874	30,000		57,874	
OK Cashbag Service	Affiliated company	Common share	316		316		
Wave City		Common share		1,967		1,967	
SK TELECOM (CHINA) HOLDING Co., LTD		Common share	19,070	4,223		23,293	
TR Entertainment		Common share		10,953		10,953	
Cyworld China Holdings		Common share		10,272		10,272	
SKT Global Investment		Common share		26,044		26,044	

45

Table of Contents

(Year Ended December 31, 2008)

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Types of Investment	Details			Ending	Note
			Beginning	Increase	Decrease		
SKT HOLDINGS AMERICA Inc.		Common share	4,050	8,940		12,990	
SKT USA Holdings		Common share	336,625	107,875	444,500		
Magic Grid		Common share		8,494		8,494	
Sk Mobile		Common share	9,160	2,004	3,166	7,998	
SKY Property Mgmt., Ltd.		Common share		283,368		283,368	
SK China Company		Common share	3,196	2,963		6,159	
PR MAX		Common share		7,127		7,127	
Virgin Mobile USA, Inc.		Common share		62,096		62,096	
Total			613,795	1,904,430	447,982	2,070,243	

C. Transfer of Business

(Unit: in thousands of Won)

Name (Corporate Name)	Relationship	Transferred Business	Details		
			Purpose of Transfer	Date of Transfer	Amount of Transfer
Loen Entertainment	Affiliated Company	MelOn Business	To facilitate growth of MelOn business through separate management	Oct. 24, 2008	24,333,022
Total					24,333,022

2. Transactions with Shareholders (excluding the Largest Shareholder and Related Persons), 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	Beginning	Change details		Ending	Accrued interest	Remarks
				Increase	Decrease			
Hong Eun and others	Agency	Long-term and short-term loans	114,959	335,386	295,544	154,801		

Table of Contents

* Overseas investment companies

(Unit: in million
Won)

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

B. Equity Investments

(Unit: in millions of Won)

Name (Corporate name)	Relationship	Types of Investment	Details			Ending	Remarks
			Beginning	Increase	Decrease		
Mobinex, Inc.		Common Share		1,894		1,894	
Dreamer-i		Common Share		4,499		4,499	
Alereon, Inc.		Common Share		3,060		3,060	
Biogenics		Common Share		1,000		1,000	
Benex Digital Contents				5,000		5,000	
Benex Focus Investment No. 2				20,000		20,000	
K-Net Culture Contents Investment				5,900		5,900	
Open Innovation Fund				20,000		20,000	
Translink Capital			798	688		1,486	
SIG Investment			1,172	376		1,548	
Century-on IT Investment			1,930		1,930		
Total			3,900	62,417	1,930	64,387	

47

Table of Contents**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, Chohung 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, 2008, the balance of specified monetary trust for treasury shares was Won 982 billion.

2. Summary Minutes of the General Meeting of Shareholders

Date	Agenda	Resolution
24th 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	Approved
	3. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)
	4. Election of Directors	
	Election of executive directors	Approved (Shin Bae Kim, Young Ho Park)
	Election of independent non-executive directors	Approved (Rak Yong Uhm, Jay Young Chung)
	Election of independent non-executive directors as Audit Committee member	Approved (Jae Ho Cho)
25th Fiscal Year Meeting of Shareholders (March 13, 2009)	1. Approval of the financial statements for the year ended December 31, 2008	Approved (Cash dividend, Won 8,400 per share)
	2. Approval of Remuneration Limit for Directors	Approved (Won 12 billion)
	3. Amendment to Company Regulation on Executive Compensation	Approved
	4. Election of Directors	
	Election of executive directors	Approved (Jae Won Chey, Man Won Jung)
		Approved (Hyun Chin Lim)

Election of independent non-executive
directors

Election of independent non-executive
directors as Audit Committee member

Approved (Hyun Chin Lim)

Table of Contents

3. Contingent Liabilities

A. Material Legal Proceedings

(1) Action for Monetary Damages

- a) Parties to the litigation: G.Mate Inc. (plaintiff) vs. the Company (defendant)
- b) Overview: G.Mate alleged that the Company had engaged G.Mate to develop and deliver certain PDA units, but that the Company subsequently refused to take delivery of such units. G.Mate sought approximately Won 4 billion in damages.
- c) Progress: An initial mediation process, which was requested by G.Mate, was terminated in January 2007 and an action for monetary damages was brought before the Seoul Central District Court, to which seven creditors of G.Mate, including DNF Consulting Co., Ltd., requested intervenient participation as successors to part of the claim. On December 4, 2008, the trial court awarded the plaintiffs a total of Won 420 million in damages, to which all of plaintiff, defendant and successors appealed, and the case is currently pending before the Seoul High Court.
- d) Impact on business: In the event that the case is decided against the Company, there is a risk that the Company will be obligated to pay up to an aggregate of Won 4 billion in damages. However, the actual results of the litigation and actual impact on the Company's operations and finances may differ depending on future events.

(2) Action for Monetary Damages

- a) Parties to the litigation: Misook Peon, et al. (plaintiffs, eight in total) vs. the Company (defendant)
- b) Overview: The plaintiffs, who use the Company's mobile telephone services, alleged that the reason a large wireless internet surcharge was imposed on them was because the Company violated its duty to clearly explain contractual provisions. The plaintiffs are seeking damages.
- c) Progress: On October 4, 2007, the trial court awarded the plaintiffs a total of Won 3,707,479 in damages. The Company appealed, and on January 13, 2009, the appeals court denied the plaintiffs' claim. The plaintiffs have since appealed the decision on February 2, 2009.
- d) Impact on business: In the event that the case is decided against the Company, there is a risk that the National Council of the Green Consumers Network in Korea will bring an additional lawsuit based on this decision by recruiting other plaintiffs. However, the actual results of the litigation and actual impact on the Company's operations and finances may differ depending on future events.

(3) Action for Monetary Damages

- a) Parties to the litigation: KT Corporation (plaintiff) vs. the Company (defendant)
- b) Overview: KT Corporation alleged that the Company unreasonably delayed KT Corporation's request for connection to MSC/HLR, and sought damages for the extra connection fees incurred.
- c) Progress: The plaintiff brought an action against the Company in May 2008 and the lawsuit is currently pending.
- d) Impact on business: In the event that the case is decided against the Company, there is a risk that the Company will be obligated to pay up to Won 44.3 billion in damages (excluding interest). However,

Table of Contents

the actual results of the litigation and actual impact on the Company's operations and finances may differ depending on future events.

- (4) Actions for the Cancellation of Key Communication Business Licenses and Allotment of Satellite DMB Frequency
- a) Parties to the litigation: Korea Multinet (plaintiff) vs. MIC (defendant, the Company is participating in the action on behalf of MIC)
 - b) Overview: Korea Multinet brought an administrative action against MIC to cancel the Company's key communication business licenses and the allotment of the Company's satellite DMB frequency.
 - c) Progress: The Seoul Administrative Court dismissed the claim in July 2006. Korea Multinet appealed to the Seoul Appellate Court, but withdrew its claim on December 17, 2008, and the case was closed.

Table of Contents

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.

Table of Contents

***SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008
AND INDEPENDENT AUDITORS REPORT***

52

Table of Contents

Independent Auditors Report

English Translation of a Report Originally Issued in Korean

To the Board of Directors and Stockholders of

SK Telecom Co., Ltd.

We have audited the accompanying consolidated balance sheets of SK Telecom Co., Ltd. and subsidiaries (the Company) as of December 31, 2006, 2007 and 2008, and the related consolidated statements of income, changes in stockholders equity and cash flows for each of the three years in the period ended December 31, 2008 (all expressed in Korean won). These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the auditing standards generally accepted in the Republic of Korea.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company at December 31, 2006, 2007 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008, in conformity with accounting principles generally accepted in the Republic of Korea.

Our audits also comprehended the translation of the Korean won amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 2(a) to the accompanying consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers of the financial statements.

Table of Contents

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying consolidated financial statements are not intended to present the financial position, results of operations, changes in stockholders' 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 audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.
March 20, 2009

Notice to Readers

This report is effective as of March 20, 2009, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2006, 2007 AND 2008

	Korean won			Translation into U.S. dollars (Note 2)
	December 31, 2006	December 31, 2007 (In millions)	December 31, 2008	December 31, 2008 (In thousands)
ASSETS				
CURRENT ASSETS :				
Cash and cash equivalents, net of government subsidy of nil, ₩142 million and ₩127 million as of December 31, 2006, 2007 and 2008 (Notes 2, 13 and 29)	₩ 485,972	₩ 885,847	₩ 1,011,340	\$ 801,379
Short-term financial instruments (Notes 21 and 22)	98,085	148,103	368,490	291,989
Short-term investment securities (Notes 2 and 4)	665,647	736,643	372,913	295,494
Accounts receivable – trade, net of allowance for doubtful accounts of ₩106,737 million, ₩93,551 million and ₩150,320 million as of December 31, 2006, 2007 and 2008 (Notes 2, 13 and 24)	1,800,606	1,774,935	1,900,002	1,505,548
Short-term loans, net of allowance for doubtful accounts of ₩9,629 million, ₩6,845 million and ₩7,599 million as of December 31, 2006, 2007 and 2008 (Notes 2, 6 and 13)	69,745	84,570	119,087	94,364
Accounts receivable – other, net of allowance for doubtful accounts of ₩31,233 million, ₩28,649 million and ₩30,357 million as of December 31, 2006, 2007 and 2008 and present value discount of ₩27,314 million as of December 31, 2008 (Notes 2, 13 and 24)	1,305,284	948,322	1,346,056	1,066,605
Inventories (Notes 2, 3 and 23)	19,778	47,052	34,974	27,713
Prepaid expenses	116,727	108,552	127,432	100,976
Current deferred income tax assets, net (Notes 2 and 17)	49,940	36,383	27,786	22,017
Currency swap (Notes 2 and 27)	16,660		8,236	6,526
Advanced payments and other	35,518	42,665	106,131	84,098
Total Current Assets	4,663,962	4,813,072	5,422,447	4,296,709

NON-CURRENT ASSETS :

Property and equipment, net (Notes 2, 7, 12, 22, 23 and 24)	4,507,335	4,969,354	7,437,689	5,893,573
Intangible assets, net (Notes 2, 8 and 12)	3,518,411	3,433,962	3,978,145	3,152,254
Long-term financial instruments (Note 21)	10,445	15,535	114	90
Long-term investment securities (Notes 2 and 4)	2,475,418	5,058,519	3,105,295	2,460,614
Equity securities accounted for using the equity method (Notes 2 and 5)	750,921	350,966	898,512	711,975
Long-term loans, net of allowance for doubtful accounts of ₩19,117 million, ₩23,079 million and ₩26,376 million as of December 31, 2006, 2007 and 2008 (Notes 2 and 6)	18,569	84,906	155,360	123,106
Long-term accounts receivable other, net of present value discount of ₩45,464 million as December 31, 2008 (Note 2)			572,139	453,359
Guarantee deposits (Notes 13 and 24)	139,619	148,987	239,480	189,762
Long-term currency swap (Notes 2 and 27)		13,057	494,711	392,006
Long-term interest rate swap (Notes 2 and 27)		3,170		
Non-current deferred income tax assets (Notes 2 and 17)	2,655	7,286	4,948	3,921
Other	152,633	150,121	164,831	130,611
Total Non-Current Assets	11,576,006	14,235,863	17,051,224	13,511,271
TOTAL ASSETS	₩ 16,239,968	₩ 19,048,935	₩ 22,473,671	\$ 17,807,980

(Continued)

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2006, 2007 AND 2008

	Korean won			Translation into U.S. dollars (Note 2)
	December 31, 2006	December 31, 2007 (In millions)	December 31, 2008	December 31, 2008 (In thousands)
LIABILITIES AND STOCKHOLDERS EQUITY				
CURRENT LIABILITIES :				
Accounts payable (Notes 13 and 24)	₩ 1,221,704	₩ 1,252,734	₩ 1,268,750	\$ 1,005,349
Short-term borrowings (Notes 21 and 22)	58,344	24,616	627,657	497,351
Income taxes payable	336,536	319,108	328,403	260,224
Dividend payable	268	308	227	180
Accrued expenses (Notes 2 and 26)	375,063	436,008	861,836	682,913
Withholdings	339,144	226,407	315,537	250,029
Current portion of long-term debt, net (Notes 2, 8, 9, 10 and 12)	797,042	634,990	936,009	741,687
Current portion of subscription deposits (Note 11)	17,576	7,564	8,281	6,562
Currency swap (Notes 2 and 27)		12,646	190,359	150,839
Current deferred income tax liabilities (Notes 2 and 17)		4		
Advanced receipts and other	62,739	102,489	91,762	72,711
Total Current Liabilities	3,208,416	3,016,874	4,628,821	3,667,845
NON-CURRENT LIABILITIES :				
Bonds payable, net (Notes 2, 9 and 22)	1,995,323	2,348,661	4,074,392	3,228,520
Long-term borrowings (Notes 10 and 22)	293,026	323,421	856,471	678,662
Subscription deposits (Note 11)	21,140	6,425	4,796	3,800
Long-term payables other, net of present value discount of ₩42,461 million, ₩27,886 million and ₩15,416 million as of December 31, 2006, 2007 and 2008 (Notes 2 and 8)	517,539	422,114	304,584	241,350
Obligations under carital Lease (Notes 2, 12 and 22)	1,860	712	139,273	110,359
Accrued severance indemnities, net (Note 2)	22,284	44,322	53,815	42,643
Non-current deferred income tax liabilities, net (Notes 2 and 17)	532,639	1,044,758	408,755	323,895

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Long-term currency swap (Notes 2 and 27)	112,970	110,911	23,947	18,975
Long-term interest swap (Notes 2 and 27)	454		33,499	26,544
Guarantee deposits received and other (Notes 2, 21, 24 and 26)	51,229	43,104	120,878	95,783
Total Non-Current Liabilities	3,548,464	4,344,428	6,020,410	4,770,531
Total Liabilities	6,756,880	7,361,302	10,649,231	8,438,376
STOCKHOLDERS EQUITY :				
Capital stock (Notes 1 and 14)	44,639	44,639	44,639	35,372
Capital surplus (Note 14)	2,966,399	2,956,106	2,958,854	2,344,575
Capital adjustments :				
Treasury stock (Notes 1 and 16)	(2,014,927)	(2,041,483)	(2,055,620)	(1,628,859)
Loss on disposal of treasury stock (Notes 16 and 17)	(7,887)	(94)		
Other capital adjustment (Notes 2, 5 and 17)	(12,826)	(31,146)	(103,769)	(82,226)
Accumulated other comprehensive income (loss) (Note 18) :				
Unrealized gains on valuation of long-term investment securities, net (Notes 2, 4 and 17)	429,228	1,624,613	407,842	323,171
Equity in other comprehensive gain(loss) of affiliates, net (Notes 2, 5 and 17)	107,324	1,727	(68,763)	(54,487)
Gain (loss) on valuation of currency swap, net (Notes 2, 17 and 27)	(16,487)	(11,816)	8,544	6,770
Gain (loss) on valuation of interest swap, net (Notes 2, 17 and 27)	(329)	2,298	(26,129)	(20,704)
Foreign-based operations translation adjustment (Note 2)	(29,726)	(25,564)	34,698	27,494
Retained earnings (Note 15)	7,847,434	8,914,970	9,448,185	7,486,676
Minority interest in equity of consolidated subsidiaries (Note 2)	170,246	253,383	1,175,959	931,822
Total Stockholders Equity	9,483,088	11,687,633	11,824,440	9,369,604
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	₩ 16,239,968	₩ 19,048,935	₩ 22,473,671	\$ 17,807,980

See accompanying notes to non-consolidated financial statements.

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

	2006	Korean won 2007	2008	Translation into U.S. dollars (Note 2) 2008 (In thousands except for per share data)
	(In millions except for per share data)			
OPERATING REVENUE (Notes 2, 24 and 31)	₩ 11,027,977	₩ 11,863,357	₩ 14,020,984	\$ 11,110,130
OPERATING EXPENSES (Note 24):				
Labor cost	(491,839)	(544,713)	(731,418)	(579,571)
Commissions paid	(3,293,197)	(4,055,147)	(4,884,819)	(3,870,697)
Depreciation and amortization (Notes 7 and 8)	(1,553,635)	(1,821,972)	(2,599,791)	(2,060,056)
Network interconnection	(1,014,913)	(1,078,714)	(1,327,417)	(1,051,836)
Leased line	(412,902)	(410,408)	(521,118)	(412,930)
Advertising	(307,190)	(312,604)	(363,412)	(287,965)
Research and development (Note 2)	(211,961)	(218,652)	(226,714)	(179,647)
Rent	(206,708)	(234,006)	(290,655)	(230,31)
Frequency usage	(158,958)	(166,395)	(163,938)	(129,903)
Repair	(150,848)	(168,633)	(226,858)	(179,761)
Provision for bad debts (Note 2)	(61,457)	(48,835)	(62,973)	(49,899)
Cost of goods sold (Note 2)	(121,381)	(239,146)	(233,200)	(184,786)
Other	(421,856)	(462,177)	(636,203)	(504,123)
Sub-total	(8,406,845)	(9,761,402)	(12,268,516)	(9,721,487)
OPERATING INCOME (Note 31)	2,621,132	2,101,955	1,752,468	1,388,643
OTHER INCOME:				
Interest income (Note 4)	79,969	93,838	136,006	107,770
Dividends	20,351	21,119	52,477	41,582
Rent		17,367	19,295	15,289
Commissions (Note 24)	33,226	32,196	17,148	13,588
Reversal of allowance for doubtful accounts	789	614	2,084	1,651
Foreign exchange and translation gains (Note 2)	4,412	12,091	478,39	379,076

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Equity in earnings of affiliates (Notes 2 and 5)	45,787	247,382	24,894	19,726
Gain on disposal of investment assets	27,490	3,721	17,409	13,795
Gain on disposal of property and equipment and intangible assets	4,507	9,776	10,000	7,924
Gain on transactions and valuation of currency swap (Notes 2 and 27)	16,660	10,799	265,142	210,097
Gain on transactions and valuation of interest swap (Notes 2 and 27)			2	2
Gain on conversion of convertible bonds (Note 4)		373,140		
Gain on repayment of bonds		6,160		
Other	51,667	33,681	34,233	27,126
Sub-total	284,858	861,884	1,057,084	837,626

(Continued)

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

	2006	Korean won 2007	2008	Translation into U.S. dollars (Note 2) 2008 (In thousands except for per share data)
	(In millions except for per share data)			
OTHER EXPENSES:				
Interest and discounts	(239,138)	(238,958)	(366,022)	(290,033)
Donations	(103,348)	(72,849)	(100,224)	(79,417)
Foreign exchange and translation losses (Note 2)	(4,139)	(12,966)	(161,788)	(128,200)
Loss on valuation of short-term investment securities (Notes 2 and 4)		(1,203)	(8,358)	(6,623)
Equity in losses of affiliates (Notes 2 and 5)	(211,464)	(175,474)	(54,268)	(43,002)
Impairment loss on investment securities (Notes 2 and 4)	(27,696)	(5,466)	(223,207)	(176,868)
Loss on disposal of investment assets	(6,096)	(1,190)	(12,148)	(9,626)
Loss on disposal of property, equipment and intangible assets	(17,148)	(30,680)	(70,314)	(55,716)
Impairment loss on assets (Note 2)	(7,030)	(10,634)	(14,754)	(11,691)
Loss on transactions and valuation of currency swap (Notes 2 and 27)	(9,258)	(33,876)	(441,207)	(349,609)
Loss on transactions and valuation of interest swap (Notes 2 and 27)			(48)	(38)
External research and development cost (Note 2)	(67,021)	(74,388)	(72,993)	(57,839)
Special severance indemnities (Note 2)	(144,021)			
Other	(48,053)	(20,390)	(25,488)	(20,196)
 Sub-total	 (884,412)	 (678,074)	 (1,550,819)	 (1,228,858)
 INCOME FROM CONTINUING OPERATION BEFORE INCOME TAX	 2,021,578	 2,285,765	 1,258,733	 997,411
 INCOME TAX FOR CONTINUING OPERATION (Notes 2 and 17)	 572,026	 694,487	 298,850	 236,807
 PREACQUISITION NET LOSS OF SUBSIDIARIES		 21,088	 32,664	 25,883

LOSS FROM DISCONTINUED OPERATION (Note 2)		(50,101)	(20,209)		(16,013)
NET INCOME	₩ 1,449,552	₩ 1,562,265	₩ 972,338	\$	770,474
ATTRIBUTABLE TO :					
Majority interests	₩ 1,451,491	₩ 1,648,876	₩ 1,215,719	\$	963,327
Minority interests	(1,939)	(86,611)	(243,381)		(192,853)
	₩ 1,449,552	₩ 1,562,265	₩ 972,338	\$	770,474
NET INCOME PER SHARE FROM CONTINUING OPERATION (In Korean won and U.S. dollars) (Notes 2 and 19)	₩ 19,801	₩ 23,143	₩ 16,453	\$	13.04
NET INCOME PER SHARE (In Korean won and U.S. dollars) (Notes 2 and 19)	₩ 19,801	₩ 22,696	₩ 16,707	\$	13.24
DILUTED NET INCOME PER SHARE FROM CONTINUING OPERATION (In Korean won and U.S. dollars) (Notes 2 and 19)	₩ 19,523	₩ 22,813	₩ 16,309	\$	12.92
DILUTED NET INCOME PER SHARE (In Korean won and U.S. dollars) (Notes 2 and 19)	₩ 19,523	₩ 22,375	₩ 16,559	\$	13.12

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Minority interest	Total stockholders equity
(In millions of Korean won)							
Balance, January 1, 2006	₩ 44,639	₩ 2,954,840	₩ (2,043,625)	₩ (4,890)	₩ 7,267,649	₩ 108,927	₩ 8,327,540
Cumulative effect of change in accounting policies (Note 2)		15,025	(15,025)				
Adjusted balance, January 1, 2006	44,639	2,969,865	(2,058,650)	(4,890)	7,267,649	108,927	8,327,540
Cash dividends (Note 20)					(588,914)		(588,914)
Interim dividends (Note 20)					(73,714)		(73,714)
Net income					1,451,491	(1,939)	1,449,552
Conversion of convertible bonds (Notes 9 and 16)		(3,733)					(3,733)
Transfer of stock option from capital adjustments to capital surplus (Notes 2 and 14)		234	(234)				
Difference between the acquisition cost and the net book value incurred from the capital transactions between companies under common control (Note 2)			(1,095)				(1,095)
Equity in capital surplus changes of affiliates		33					33
			48				48

Equity in other capital adjustment changes of affiliates								
Treasury stock (Note 16)			32,178					32,178
Loss on disposal of treasury stock (Notes 16 and 17)			(7,887)					(7,887)
Unrealized gain on valuation of long-term investment securities (Notes 2 and 4)				471,321				471,321
Equity in other comprehensive income changes of affiliates, net (Notes 2 and 5)				45,956				45,956
Foreign-based operations translation adjustment (Note 2)				(19,737)				(19,737)
Gain on valuation of currency swap (Notes 2 and 27)				(2,311)				(2,311)
Gain on valuation of interest rate swap (Notes 2 and 27)				(329)				(329)
Acquisition and retirement of treasury stock						(209,078)		(209,078)
Increase in minority interest in equity of consolidated subsidiaries							63,258	63,258
Balance, December 31, 2006	₩ 44,639	₩ 2,966,399	₩ (2,035,640)	₩ 490,010	₩ 7,847,434	₩ 170,246		9,483,088
Balance, January 1, 2007	₩ 44,639	₩ 2,950,327	₩ (2,019,568)	₩ 490,010	₩ 7,847,434	₩ 170,246	₩	9,483,088

Cumulative effect of change in accounting policies (Note 2)		16,072	(16,072)				
Adjusted balance, January 1, 2007	44,639	2,966,399	(2,035,640)	490,010	7,847,434	170,246	9,483,088
Cash dividends (Note 20)					(508,672)		(508,672)
Interim dividends (Note 20)					(72,668)		(72,668)
Net income					1,648,876	(86,611)	1,562,265
Conversion of convertible bonds (Notes 9 and 16)		(11,116)					(11,116)
Transfer of stock option from capital adjustments to capital surplus (Notes 2 and 14)		3,247	(3,247)				
Difference between the acquisition cost and the net book value incurred from the capital transactions between companies under common control (Note 2)							(30,086)
Equity in capital surplus changes of affiliates		(2,424)					(2,424)
Equity in other capital adjustment changes of affiliates					15,013		15,013
Treasury stock (Note 16)					(26,556)		(26,556)
Loss on disposal of treasury stock (Notes 16 and 17)					7,793		7,793
Unrealized gain on valuation of long-term investment securities (Notes				1,195,385			1,195,385

2 and 4) Equity in other comprehensive income changes of affiliates, net (Notes 2 and 5)				(105,597)				(105,597)
Foreign-based operations translation adjustment (Note 2)				4,162				4,162
Gain on valuation of currency swap (Notes 2 and 27)				4,671				4,671
Gain on valuation of interest rate swap (Notes 2 and 27)				2,627				2,627
Increase in minority interest in equity of consolidated subsidiaries							169,748	169,748
Balance, December 31, 2007	₩ 44,639	₩ 2,956,106	₩ (2,072,723)	₩ 1,591,258	₩ 8,914,970	₩ 253,383		₩ 11,687,633

(Continued)

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

	Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Minority interest	Total stockholders equity
(In millions of Korean won)							
Balance, January 1, 2008	₩ 44,639	₩ 2,924,960	₩ (2,041,577)	₩ 1,591,258	₩ 8,914,970	₩ 253,383	₩ 11,687,633
Cumulative effect of change in accounting policies (Note 2)		31,146	(31,146)				
Adjusted balance, January 1, 2008	44,639	2,956,106	(2,072,723)	1,591,258	8,914,970	253,383	11,687,633
Cash dividends (Note 20)					(609,711)		(609,711)
Interim dividends (Note 20)					(72,793)		(72,793)
Net income					1,215,719	(243,381)	972,338
Conversion of convertible bonds (Notes 9 and 16)		1,544					1,544
Difference between the acquisition cost and the net book value incurred from the capital transactions between companies under common control (Note 2)			(75,329)				(75,329)
Equity in capital surplus changes of affiliates		481					481

Equity in other capital adjustment changes of affiliates		2,706					2,706
Treasury stock (Note 16)	723	(14,137)					(13,414)
Loss on disposal of treasury stock (Notes 16 and 17)		94					94
Unrealized gain on valuation of long-term investment securities (Notes 2 and 4)			(1,216,771)				(1,216,771)
Equity in other comprehensive income changes of affiliates, net (Notes 2 and 5)			(70,490)				(70,490)
Foreign-based operations translation adjustment (Note 2)			60,262				60,262
Gain on valuation of currency swap (Notes 2 and 27)			20,360				20,360
Gain on valuation of interest rate swap (Notes 2 and 27)			(28,427)				(28,427)
Increase in minority interest in equity of consolidated subsidiaries						1,165,957	1,165,957
Balance, December 31, 2008	₩ 44,639	₩ 2,958,854	₩ (2,159,389)	₩ 356,192	₩ 9,448,185	₩ 1,175,959	₩ 11,824,440

**(In thousands
of U.S. dollars)
(Note 2 a)**

Balance, January 1, 2008	\$ 35,372	\$ 2,317,718	\$ (1,617,731)	\$ 1,260,902	\$ 7,064,160	\$ 200,778	\$ 9,261,199
Cumulative effect of change in accounting policies (Note 2)		24,680	(24,680)				
Adjusted balance, January 1, 2008	35,372	2,342,398	(1,642,411)	1,260,902	7,064,160	200,778	9,261,199
Cash dividends (Note 20)					(483,131)		(483,131)
Interim dividends (Note 20)					(57,680)		(57,680)
Net income					963,327	(192,853)	770,474
Conversion of convertible bonds (Notes 9 and 16)		1,223					1,223
Difference between the acquisition cost and the net book value incurred from the capital transactions between companies under common control (Note 2)			(59,690)				(59,690)
Equity in capital surplus changes of affiliates		381					381
Equity in other capital adjustment changes of affiliates			2,143				2,143
Treasury stock (Note 16)		573	(11,201)				(10,628)
Loss on disposal of treasury stock (Notes 16 and			74				74

17)								
Unrealized gain on valuation of long-term investment securities (Notes 2 and 4)				(964,161)				(964,161)
Equity in other comprehensive income changes of affiliates, net (Notes 2 and 5)				(55,856)				(55,856)
Foreign-based operations translation adjustment (Note 2)				47,751				47,751
Gain on valuation of currency swap (Notes 2 and 27)				16,133				16,133
Gain on valuation of interest rate swap (Notes 2 and 27)				(22,525)				(22,525)
Increase in minority interest in equity of consolidated subsidiaries							923,897	923,897
Balance, December 31, 2008	\$ 35,372	\$ 2,344,575	\$ (1,711,085)	\$ 282,244	\$ 7,486,676	\$ 931,822	\$ 9,369,604	

See accompanying notes to consolidated financial statements.

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

	In millions of Korean won			In thousands of U.S. dollars (Note 2 a) 2008
	2006	2007	2008	
CASH FLOWS FROM OPERATING ACTIVITIES :				
Net income	₩ 1,449,552	₩ 1,562,265	₩ 972,338	\$ 770,474
Expenses not involving cash payments :				
Provision for severance indemnities	47,370	44,233	93,094	73,767
Depreciation and amortization	1,698,364	1,971,327	2,759,276	2,186,431
Allowance for doubtful accounts	86,321	58,272	73,325	58,102
Foreign currency translation loss	1,106	9,411	132,162	104,724
Loss on valuation of short-term investment securities		1,203	8,358	6,623
Equity in losses of affiliates	211,464	175,474	54,268	43,002
Impairment loss on investment securities	27,696	5,466	223,207	176,868
Loss on disposal of investment assets	6,096	1,190	12,148	9,626
Loss on disposal of property, equipment and intangible assets	17,148	30,680	70,314	55,716
Loss on disposal of consolidated subsidiaries			724	574
Impairment loss on assets	7,030	10,634	14,754	11,691
Loss on transaction and valuation of currency swap	9,258	33,876	441,207	349,609
Loss on transaction of interest rate swap			48	38
Amortization of discounts on bonds and other	51,077	47,640	46,586	36,915
Loss from discontinued operation		50,101	20,209	16,013
Sub-total	2,162,930	2,439,507	3,949,680	3,129,699
Income not involving cash receipts :				
Foreign translation gain	924	5,373	428,575	339,600
Reversal of allowance for doubtful accounts	789	614	2,084	1,651
Equity in earnings of affiliates	45,787	247,382	24,894	19,726
Gain on valuation of trading securities		128		
Gain on disposal of investment assets	27,490	3,721	17,409	13,795
Gain on disposal of consolidated subsidiaries	1,556			
Gain on disposal of property, equipment and intangible assets	4,507	9,776	10,000	7,924
Gain on transactions and valuation of currency swap	16,660	10,799	265,142	210,097

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Gain on transactions of interest rate swap			2	2
Gain on conversion of convertible bond		373,140		
Gain on repayment of bonds		6,160		
Gain on disposal of other non-current assets and other	3,075	13,623	6,036	4,782
Sub-total	100,788	670,716	754,142	597,577
Changes in assets and liabilities related to operating activities :				
Accounts receivable trade	(161,914)	43,020	72,097	57,129
Accounts receivable other	57,253	372,778	(383,668)	(304,016)
Inventories	(9,145)	(8,895)	(66,166)	(52,429)
Prepaid expenses	61,148	67,669	8,841	7,006
Advanced payments and other	5,865	(16,248)	(59,552)	(47,189)
Long-term accounts receivables other			514	407
Accounts payable	161,611	(33,475)	(104,300)	(82,647)
Income taxes payable	(44,637)	(21,791)	118,011	93,511
Accrued expenses	37,985	(9,723)	405,084	320,986
Withholdings	123,003	(111,918)	70,400	55,784
Current portion of subscription deposits	885	(8,220)	(1,113)	(882)
Advance receipts and other	21,585	21,832	(20,367)	(16,138)
Deferred income taxes	(76,423)	121,681	(194,865)	(154,410)
Dividends received from affiliates	1,318	2,184	1,214	962
Severance indemnity payments	(262,948)	(13,732)	(107,037)	(84,815)
Deposits for group severance indemnities and other	162,545	(14,518)	(610,031)	(483,384)
Sub-total	78,131	390,644	(870,938)	(690,125)
Net Cash Provided by Operating Activities	3,589,825	3,721,700	3,296,938	2,612,471

(Continued)

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

	In millions of Korean won			In thousands of U.S. dollars (Note 2 a) 2008
	2006	2007	2008	
CASH FLOWS FROM INVESTING ACTIVITIES :				
Cash inflows from investing activities:				
Decrease (increase) in short-term investment securities, net	₩ 80,061	₩ 28,852	₩	\$
Decrease (increase) in short-term financial instruments, net	4,470		174,441	138,226
Collection of short-term loans	96,892	119,608	215,074	170,423
Decrease (increase) in long-term investment securities, net				
Decrease (increase) in long-term financial instruments	2	2,118	16,159	12,804
Collection of long-term loans	654	3,652	10,646	8,436
Proceeds from sales of long-term investment securities	305,953	4,804	386,740	306,450
Proceeds from sales of equity securities accounted for using the equity method	80,014	20,258	8,292	6,571
Proceeds from disposal of consolidated subsidiary	39,062			
Decrease in guarantee deposits	71,164	32,594	26,361	20,888
Decrease in other non-current assets	19,940	30,444	40,913	32,419
Proceeds from disposal of property and equipment	14,353	30,429	45,533	36,080
Proceeds from disposal of intangible assets	1,630	6,739	9,496	7,525
Cash inflows from transaction of currency swap		17,242	727	576
 Sub-total	 714,195	 296,740	 934,382	 740,398
 Cash outflows from investing activities:				
Decrease (increase) in short-term financial instruments, net	₩ 10,091	₩ 7,822	₩	\$
Decrease (increase) in short-term investment securities, net			40	32
Increase in short-term loans	92,753	104,674	239,414	189,710
Decrease (increase) in long-term financial instruments		652	6,086	4,823

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Acquisition of long-term investment securities	1,127,396	371,394	31,420	24,897
Increase in long-term loans	12,623	100,006	35,290	27,964
Acquisition of equity securities accounted for using the equity method	244,333	76,629	601,066	476,281
Increase in equity of consolidated subsidiaries	27,406	12,514	1,093,104	866,168
Increase in guarantee deposits	30,290	31,056	57,287	45,394
Increase in other non-current assets	132,349	78,853	96,303	76,308
Acquisition of property and equipment	1,498,142	1,804,148	2,236,930	1,772,528
Acquisition of intangible assets	73,964	115,102	149,341	118,337
Cash outflows from transaction of currency swap		8,769	263,495	208,792
 Sub-total	 3,249,347	 2,711,619	 4,809,776	 3,811,234
 Net Cash Used in Investing Activities	 (2,535,152)	 (2,414,879)	 (3,875,394)	 (3,070,836)

(Continued)

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

	In millions of Korean won			In thousands of U.S. dollars (Note 2 a)
	2006	2007	2008	2008
CASH FLOWS FROM FINANCING ACTIVITIES :				
Cash inflows from financing activities:				
Issuance of bonds payable	₩ 384,990	₩ 761,117	₩ 1,307,679	\$ 1,036,196
Proceeds from short-term borrowings	51,230	35,946	472,958	374,769
Proceeds from long-term borrowings	294,800		510,577	404,578
Increase in guarantee deposits received and other	3,370	2,327	4,532	3,591
Proceeds from disposal of treasury stock		45,133	42,246	33,475
Cash inflows from transaction of currency swap		2,901		
Increase in equity of consolidated subsidiaries	19,050	4,677	64,402	51,032
 Sub-total	 753,440	 852,101	 2,402,394	 1,903,641
 Cash outflows from financing activities:				
Repayment of current portion of long-term debt	815,287	907,176	558,107	442,240
Repayment of short-term borrowings		86,561		
Repayment of long-term borrowings	404	93,336	193,400	153,250
Repayment of bonds payable	1,230	61,306		
Payment of dividends	662,815	581,309	682,504	540,811
Decrease in subscription deposits	2,630	14,714		
Cash outflows from transaction of currency swap		11,838		
Acquisition and retirement of treasury stock	209,078	118,512	63,538	50,347
Decrease in equity of consolidated subsidiaries		6,607	24,863	19,701
Other	14,374	11,997	10,567	8,374
 Sub-total	 1,705,818	 1,893,356	 1,532,979	 1,214,723
 Net Cash Used in Financing Activities	 (952,378)	 (1,041,255)	 869,415	 688,918

THE EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES (Note 2)	(9,317)	6,097	37,371	29,613
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DUE TO CHANGES IN CONSOLIDATED SUBSIDIARIES	14,568	102,079	36,413	28,853
PREACQUISITION CASH FLOWS OF SUBSIDIARIES		(11,396)	17,250	13,669
INCREASE IN CASH AND CASH EQUIVALENTS DUE TO MERGER		50,448		
CASHFLOWS FROM DISCONTINUED OPERATION (Note 2)		(12,777)	(256,515)	(203,261)
NET INCREASE IN CASH AND CASH EQUIVALENTS	107,546	400,017	125,478	99,427
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR (Note 29)	378,426	485,972	885,989	702,052
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 29)	₩ 485,972	₩ 885,989	₩ 1,011,467	\$ 801,479

See accompanying notes to consolidated financial statements.

Table of Contents

SK TELECOM CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006, 2007 AND 2008

1. GENERAL

SK Telecom Co., Ltd. (SK Telecom) was incorporated in March 1984 under the laws of Korea to engage in providing cellular telephone communication services in the Republic of Korea. SK Telecom Co., Ltd. and its subsidiaries (the Company) mainly provide wireless telecommunications in the Republic of Korea and recently acquired foreign wireless telecommunications operators in Vietnam, Mongolia, and the United States of America. 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 December 31, 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	2,341,569	2.88
Institutional investors and other minority stockholders	51,395,994	63.30
Treasury stock	8,707,696	10.73
	81,193,711	100.00

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the Republic of Korea. Significant accounting policies followed in preparing the accompanying consolidated financial statements are summarized as follows:

a. Basis of Presentation

The Company maintains its official accounting records in Korean won and prepares statutory 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 consolidated financial statements are intended for use by those who are informed about Korean accounting principles and practices. The accompanying consolidated 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 consolidated financial statements.

The accompanying consolidated 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 ₩1,262.00 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 December 31, 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.

Table of Contents

b. Principles of Consolidation

The consolidated financial statements include the accounts of SK Telecom and the following controlled subsidiaries as of December 31, 2006, 2007 and 2008. Controlled subsidiaries include (a) majority-owned entities by SK Telecom or its controlled subsidiaries and (b) other entities where SK Telecom or its controlled subsidiaries own more than 30% of total outstanding common stock and is the largest stockholder. Meanwhile, if the total assets of the controlled subsidiaries at the beginning of fiscal year were less than ₩7 billion, those investee are excluded and accounted for using equity method in accordance with Korean GAAP. All significant intercompany balances and transactions have been eliminated in the consolidation procedures.

Subsidiary	Year of Establishment	Primary business	Ownership Percentage (%)		
			2006	2007	2008
SK Broadband Co., Ltd (formerly hanarotelecom incorporated)	1997	Telecommunication services	4.8	4.8	43.42
SK Communications Co., Ltd.	1999	Internet website services	87.08	65.71	65.71
SK Telink Co., Ltd.	1998	Telecommunication services	90.77	90.77	90.77
SK Wyverns Baseball Club Co., Ltd.	2000	Business related sports	99.99	99.99	99.99
PAXNet Co., Ltd.	1999	Internet website services	59.74	59.74	59.74
F&U Credit information Co., Ltd. (formerly Global Credit & information Corp)	1998	Credit and collection services	50.00	50.00	50.00
Loen Entertainment, Inc. (formerly Seoul Records, Inc.)	1982	Release of music disc	60.00	60.00	63.48
TU Media Corp.	2003	Satellite broadcasting services	29.58	32.70	44.15
IHQ, Inc.	1962	Business related entertainment	34.08	37.09	37.09
Ntreev Soft Co., Ltd.	2003	Game software	51.00	66.70	63.70
Commerce Planet Co., Ltd.	1997	Online shopping mall operation agency		100.00	100.00
The First Music Investment Fund of SK-PVC	2005	Investment association	99.00	99.00	99.00
The Second Music Investment Fund of SK-PVC	2005	Investment association	99.00	99.00	99.00
SK-KTB Music Investment Fund	2005	Investment association	99.00	99.00	99.00
IMM Cinema Fund	2005	Investment association	60.84	72.24	72.24
Michigan Global Cinema Fund	2006	Investment association	36.36	45.45	45.45
SK i-media Co., Ltd.	2006	Game software	60.00	60.00	100.00
CU Media, Inc (formerly YTN Media, Inc)	2000	Broadcasting services	51.42	51.42	52.52
Konan Technology	1999	Multimedia contents	7.51	29.49	29.49
Broadband Media Co., Ltd. (formerly hanaromedia incorporated)	1997	Multimedia contents			100.00
HanaroDream Incorporated	2001	Internet website services			36.03
	1998	Facilities Maintenance			100.00

Broadband D&M Co., Ltd. (formerly hanaro Realty Development & Management Co., Ltd.)					
Broadband CS Co., Ltd. (formerly hanaro Customer Service, Inc.)	1998	Telemarketing Service			100.00
Etoos Co., Ltd.	2008	Internet Education Service			100.00
K-net Culture and Contents Venture Fund	2008	Investment association			59.00
Benex Digital Cultural Contents Fund	2008	Investment association			39.84
Benex Focus Limited Partnership II	2008	Investment association			66.67
Open Innovation Fund	2008	Investment association			98.52
SK Telecom China Co., Ltd.	2002	Telecommunication services	100.00	100.00	100.00
ULand Company Ltd.	2004	Telecommunication services	100.00	100.00	100.00
SKT Vietnam PTE., Ltd.	2000	Telecommunication services	73.32	73.32	73.32
SKT Americas, Inc. (formerly SK Telecom International Inc.)	1995	Internet website services	100.00	100.00	100.00
SK Telecom Advanced Tech & Service Center	2006	Mobile handset services	100.00	100.00	100.00
Cyworld China Holdings Limited	2006	Internet website services		100.00	100.00
SK Telecom China Holdings Co., Ltd.	2007	Internet website services		100.00	100.00
Centurion IT Investment Association	2001	Investment association	37.50		
SK Telecom USA Holdings, Inc.	2005	Telecommunication services	100.00	100.00	
Helio, Inc & LLC	2005	Mobile handset services	48.08	64.86	
AirCross Co., Ltd.	2000	Advertising agency	38.10	100.00	
SK Cyberpass, Inc.	2001	International telephone call services	70.54	70.54	

Table of Contents

Effective July 1, 2006, IHQ, Inc. and its subsidiary, CU Media, Inc. (formerly YTN Media, Inc) were included in the consolidation of the accompanying financial statements as the Company owned more than 30% of total outstanding common stock and became the largest stockholder.

During the year ended December 31, 2007, TU Media Corp., Commerce Planet Co., Ltd., Michigan Global Cinema Fund and Konan Technology became the controlled subsidiaries of the Company, as the Company owns majority ownership interest or more than 30% of total outstanding common stock and is the largest stockholder other than Konan Technology. Konan Technology is owned by SK Communications Co., Ltd. by 29.49% as of December 31, 2008. As SK Communications Co., Ltd. has call option to acquire all other stockholders' common stocks and the call option are exercisable at little or no economic cost, which is regarded de facto control of Konan Technology, Konan Technology was included in consolidation even though the Company's ownership interest is below 30%.

Effective January 1, 2007, Ntreev Soft Co., Ltd. and SK i-media Co., Ltd. were included in the consolidation of the accompanying consolidated financial statements as their total assets at the beginning of that fiscal year were more than ₩7 billion, in accordance with Korean GAAP.

Effective January 1, 2007, Centurion IT investment Association was excluded in the consolidation of the accompanying consolidated financial statements as it was dissolved on February 28, 2008. It was accounted for using the equity method of accounting from January 1, 2007.

Effective April 1, 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 a result, SK Broadband Co., Ltd. and its subsidiaries, Broadband Media Co., Ltd., Hanaro Dream Incorporated, Broadband D&M Co., Ltd. and Broadband CS Co., Ltd., were included in the consolidation of accompanying financial statements as the Company owned more than 30% of total outstanding common stock and became the largest stockholder.

For the year ended December 31, 2008, Etoos Co., Ltd, a newly established by SK Communications was included in the consolidation.

During the year ended December 31, 2008, Benex Digital Cultural Contents Fund, Benex Focus Limited Partnership II, K-net Culture and Contents Venture Fund and Open Innovation Fund became the controlled subsidiaries of the Company, as the Company owns majority ownership interest or more than 30% of total outstanding common stock and is the largest stockholder.

Effective January 1, 2008, SK Telecom Advanced Tech & Service Center, Cyworld China Holdings Limited and SK Telecom China Holdings Co., Ltd. were included in the consolidation of accompanying financial statements as its total assets at the beginning of that fiscal year were more than ₩7 billion, in accordance with Korean GAAP.

For the year ended December 31, 2008, SK Telecom USA Holdings, Inc. which was incorporated to manage the Company's investment to Helio LLC in 2005 was fully liquidated. Meanwhile, for the year ended December 31, 2008, the equity interest in Helio held by SK Telecom USA Holding, Inc. were exchanged into the equity interest in Virgin mobile USA Inc. As a result, Helio Inc & LLC was excluded from the consolidation.

Effective January 1, 2008, SK Cyberpass, Inc. was excluded from the consolidation as its total assets at the beginning of that fiscal year were less than ₩7 billion, in accordance with Korean GAAP.

Effective January 1, 2008, Aircross Co., Ltd. was excluded from the consolidation as it was liquidated in March 2009.

Table of Contents

c. Use of Estimates

The preparation of consolidated financial statements in conformity with Korean GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the consolidated balance sheets, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

d. Cash Equivalents

Cash equivalents are highly liquid investments and short term financial instruments, which are readily convertible without significant transaction cost, do not have significant risk from changes in interest rates, and with original maturities of three months or less.

e. Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on the estimated collectability of individual accounts and historical bad debt experience.

Details of changes in the allowance for doubtful accounts receivable trade for 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Beginning balance	₩ 133,499	₩ 106,737	₩ 93,551
Write-offs	(90,780)	(90,475)	(59,552)
Net	42,719	16,262	33,999
Provision for doubtful accounts receivable trade	61,457	48,835	62,973
Provision for doubtful accounts receivable trade for the discontinued operation		22,604	5,511
Increase (decrease) due to the changes in consolidated subsidiaries	2,561	5,850	47,837
End of year	₩ 106,737	₩ 93,551	₩ 150,320

f. Inventories

Inventories are stated at the acquisition cost using the following methods:

Assets	Methods
E-commerce inventories	Moving average method
Replacement units for wireless telecommunication facilities and supplies for sales promotion	Moving average method
Wireless device	FIFO
Books and CDs	FIFO

During the year, perpetual inventory systems are used to value inventories, which are adjusted to physical inventory counts performed at the end of the year. When the market value of inventories is less than the acquisition cost, carrying amount is reduced to the market value and any difference is charged to current operations as operating expenses. A valuation loss of ₩168 million and ₩584 million was recorded for the years ended December 31, 2006, 2007, respectively, and a reversal of allowance for inventory valuation loss of ₩168 million was recorded for the year ended December 31, 2008.

Table of Contents

g. Securities (excluding securities accounted for using the equity method of accounting)

Debt and equity securities are initially recorded at their acquisition costs (fair value of consideration paid) including incidental cost incurred in connection with acquisition of the related securities and classified into trading, available-for-sale and held-to-maturity (debt only) securities depending on the acquisition purpose and nature. The acquisition cost of the equity securities acquired by exercising a conversion right is the carrying amount of the convertible bonds exchanged. However, if those newly acquired equity securities are marketable securities in an active trading market, the acquisition cost of such equity securities is the market value of those equity securities at the acquisition date and the difference between the market value of the newly acquired equity securities and the carrying amount of the exchanged convertible bonds is charged to the current operation as gain or loss on conversion.

Trading securities are stated at fair value with gains or losses on valuation reflected in current operations.

Securities classified as available-for-sale are reported at fair value. Unrealized gains or losses on valuation of available-for-sale securities are included in accumulated other comprehensive income (loss) and the unrealized gains or losses are reflected in net income when the securities are sold or if there is an objective evidence of impairment such as bankruptcy of investees. Equity securities are stated at acquisition cost if fair value cannot be reliably measured.

Held-to-maturity securities are presented at acquisition cost after premiums or discounts are amortized or accreted, respectively. The Company recognizes write-downs resulting from declines in the fair value below its book value on the balance sheet date if there is objective evidence of impairment. The related write-downs are recorded as a loss on impairment of investment securities.

Trading securities are presented in the current asset section of the balance sheet, and available-for-sales and held-to-maturity securities are presented in the current asset section of the balance sheet if their maturities are within one year; otherwise such securities are recorded in the non-current section of the balance sheet.

h. Equity Securities Accounted for Using the Equity Method of Accounting

Investment securities of affiliated companies, in which the Company has the ability to exercise significant influence, are carried using the equity method of accounting, whereby the Company's initial investment is recorded at cost and the carrying value is subsequently increased or decreased to reflect the Company's portion of stockholders' equity of the investee. Differences between the acquisition cost and net asset fair value of the investee are amortized over 5 to 20 years using the straight-line method. When applying the equity method of accounting, unrealized inter-company gains and losses are eliminated. In addition, the Company provides for additional losses for those investments accounted for using the equity method that are reduced to zero to the extent that the Company has other investment assets related to the equity method investees.

Assets and liabilities of foreign-based companies accounted for using the equity method are translated at current rate of exchange at the balance sheet date while profit and loss items in the statement of earnings are translated at average rate and capital account at historical rate. The translation gains and losses arising from collective translation of the foreign currency financial statements of foreign-based companies are offset and the balance is remained as accumulated other comprehensive income (loss) in the Company's stockholders equity.

Table of Contents

Under the equity method of accounting, the Company does not record its share of losses of an affiliate when such losses would make the Company's investment in such entity less than zero unless the Company has guaranteed obligations of the investee or is otherwise committed to provide additional financial support. The Company provides for additional losses for these investments accounted for using the equity method that are reduced to zero to the extent that the Company has other investment assets related to the equity method investees. In addition, when the Company's share of equity interest in the equity method investees increases as a result of capital transactions of the investees with (or without) consideration, the increase in the Company's proportionate shares in the investees are treated as goodwill or negative goodwill and when the Company's share of equity interest in the equity method investees decrease as a result of capital transactions of the investees with (or without) consideration, the decrease in the Company's proportionate shares in the investees are accounted for as gain or loss on disposal.

i. Troubled Debt Restructuring

In case that contractual terms such as the face amount, interest rate, or maturity are changed to alleviate the debtor's burdens in accordance with an agreement between the creditor and the debtor, initiation of corporate reorganization procedures under court trustee or under debtor's management, the Company recognizes the restructured receivables at present value of the expected future cash flows discounted by the reasonable interest rate and amortizes the difference between principal amount and present value to interest income using the effective interest rate method.

j. 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 collection period.

k. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Major renewals and betterments, which prolong the useful life or enhance the value of assets, are capitalized; expenditures for maintenance and repairs are charged to expense as incurred.

Depreciation is computed using the declining balance method (except for buildings and structures acquired on or after January 1, 1995 which are depreciated using straight-line method) over the estimated useful lives of the related assets as follows:

Assets	Depreciation method	Useful lives (years)
Buildings and structures	Declining balance method (straight-line method)	15~50
Machinery	Declining balance method	3~9
Other	Declining balance method	3~5

Interest expenses and other financing charges for borrowings related to the manufacture or construction of property and equipment are charged to current operations as incurred.

Table of Contents

1. Intangible Assets

Intangible assets are stated at cost less amortization computed using the straight-line method over 2 to 20 years.

The Company capitalizes the cost of internal-use software which has a useful life in excess of one year. Capitalized internal-use software costs are amortized using the straight-line method over 5 years and are recorded in intangible assets.

m. Government Subsidy

Government subsidy, which is used for the acquisition of certain assets, is accounted for as a deduction from the acquisition cost of the acquired assets. Such subsidy amount is offset against the depreciation or amortization of the acquired assets during such assets' useful life. Government subsidy, which is required to be repaid, is recorded as a liability in the balance sheet. Government subsidy with no repayment obligation, which is used to purchase a designated asset or to develop a certain technology, is presented as a deduction of the related asset and is amortized against the depreciation or amortization expense of the related asset. Government subsidy, contributed to compensate for specific expenses, is offset against the related expenses as incurred.

n. Impairment Losses

When the recoverable amount of assets (that are not recorded at fair value) including investment assets (except for trading and available-for-sale investments in listed companies), property and equipment, and intangible assets are significantly less than the carrying value due to obsolescence, physical damage, decline in market value or other causes, the carrying value is reduced to the recoverable amount and any difference is charged to current operation as an impairment losses.

o. Convertible Bonds and Bonds with Stock Purchase Warrants

The proceeds from issuance of convertible bonds are allocated between the conversion rights or warrant rights and the debt issued; the portion allocable to the conversion rights is accounted for as capital surplus with a corresponding conversion right adjustment which is deducted from the related bonds. Such conversion right adjustment is amortized to interest expense using the effective interest rate method over the redemption period of the convertible bonds. The portion allocable to the conversion rights is measured by deducting the present value of the debt at time of issuance from the gross proceeds from issuance of convertible bonds, with the present value of the debt being computed by discounting the expected future cash flows (including call premium, if any) using the effective interest rate applied to ordinary or straight debt of the Company at the issuance date.

p. Discounts on Bonds

Discounts on bonds are amortized to interest expense using the effective interest rate method over the redemption period of the bonds.

q. Valuation of Long-term Payables

Long-term payables resulting from long-term installment transactions are stated at 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 payable balances. Such imputed interest is included in operations using the effective interest rate method over the redemption period.

Table of Contents

r. Provisions, Contingent Liabilities and Contingent Assets

The Company recognizes a provision when i) it has a present obligation as a result of a past event, ii) it is probable that a disbursement of economic resources will be required to settle the obligation, and iii) a reliable estimate can be made of the amount of the obligation (see Note 26). When a possible range of loss in connection with a probable loss contingency as of the balance sheet date is estimable with reasonable certainty, and some amount within that range appears at the time to be a better estimate than any other amount within the range, the Company accrues such amount. When no amount within the range appears to be a better estimate than any other amount, the minimum amount in that range is recorded.

The Company does not recognize the following contingent obligations as liabilities:

Possible obligations related to past events, for which the existence of a liability can only be confirmed upon occurrence of uncertain future event or events outside the control of the Company.

Present obligations arising from past events or transactions, for which i) a disbursement of economic resources to fulfill such obligations is not probable or ii) a disbursement of economic resources is probable, but the related amount cannot be reasonably estimated.

In addition, the Company does not recognize potential assets related to past events or transactions, for which the existence of an asset or future benefit can only be confirmed upon occurrence of uncertain future event or events outside the control of the Company.

s. Accrued Severance Indemnities

In accordance with the policies of the Company, all employees with more than one year of service are entitled to receive severance indemnities, based on length of service and rate of pay, upon termination of their employment. Accruals for severance indemnities are recorded to approximate the amount required to be paid if all employees were to terminate at the balance sheet date.

SK Telecom and certain domestic subsidiaries have deposits with insurance companies to fund the portion of the employees' severance indemnities which is in excess of the tax deductible amount allowed under the Corporate Income Tax Law, in order to take advantage of the additional tax deductibility for such funding. Such deposits with outside insurance companies, where the beneficiaries are their employees, totaling ₩28,868 million, ₩45,878 million and ₩68,559 million as of December 31, 2006, 2007 and 2008, respectively, are deducted from accrued severance indemnities.

In accordance with the Korean National Pension Fund Law, SK Telecom and its domestic subsidiaries transferred a portion of its accrued severance indemnities to the National Pension Fund through March 1999. Such transfers, amounting to ₩91 million, ₩86 million and ₩28 million as of December 31, 2006, 2007 and 2008, respectively, are deducted from accrued severance indemnities.

Effective March 31, 2006, SK Telecom changed its policy for the severance indemnities applicable to those employees who joined SK Telecom before or on December 31, 2002 from cumulative method, where employees are entitled to get paid more than one month of salary for each year depending on the length of service, to simple multiplier method, where employees are paid one month of salary for each year regardless of their service period in accordance with the resolution of SK Telecom's joint labor-management conference held on March 16, 2006. As a result of such policy change, SK Telecom distributed early settlements to those eligible employees on their accumulated severance indemnities as of March 31, 2006 on a mandatory basis, and paid the additional bonuses of ₩125,890 million for those employees who received the mandatory distribution for their early settlement as compensation for those employees.

Table of Contents

The Company recorded such compensation costs as special severance indemnities in other expenses for the year ended December 31, 2006. In addition, SK Telecom executed the early retirement program and the related special bonus of ₩18,131 million were paid to eligible employees and accounted for as special severance indemnities in other expenses for the year ended December 31, 2006.

Changes in accrued severance indemnities for 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Beginning net balance	₩ 71,284	₩ 22,284	₩ 44,322
Provision	47,370	44,233	93,094
Payments to employees	(262,948)	(13,732)	(107,037)
Net increase due to the changes in consolidated subsidiaries	4,010	6,291	44,718
Changes in deposits for severance indemnities	162,568	(14,754)	(21,282)
Ending net balance	₩ 22,284	₩ 44,322	₩ 53,815
Ending balance :			
Accrued severance indemnities	₩ 51,243	₩ 90,286	122,402
Deposits with insurance companies	(28,868)	(45,878)	(68,559)
National Pension Fund	(91)	(86)	(28)
Net balance	₩ 22,284	₩ 44,322	₩ 53,815

t. Accounting for Leases

A lease is classified as a finance lease or an operating lease depending on the extent of transfer to the Company of the risks and rewards incidental to ownership. If a lease meets any one of the following criteria, it is accounted for as a finance lease:

The lease transfers ownership of the asset to the lessee by the end of the lease term;

The lessee has the option to purchase the asset at a bargain price and it is certain that the option will be exercised;

The lease term is for the major part (75% or more) of the economic life of the asset even if title is not transferred;

At the date of lease commencement, the present value of the minimum lease payments amounts to at least substantially all (90% or more) of the fair value of the leased asset; or

The leased assets are of such a specialized nature that only the lessee can use them without major modifications.

All other leases are treated as operating leases.

Assets and liabilities related to finance leases are recorded as property and equipment and obligations under finance leases, respectively, and the related interest is calculated using the effective interest rate method and charged to expense. For operating leases, the future minimum lease payments are expensed ratably over the lease term while contingent rentals are expensed as incurred.

u. Research and Development Costs

The Company charges substantially all research and development costs to expense as incurred. The Company incurred internal research and development costs of ₩211,961 million, ₩218,652 million and ₩226,714 million for the years ended December 31, 2006, 2007 and 2008, respectively, and external research and development costs of ₩67,021 million, ₩74,388 million and ₩72,993 million for the years ended December 31, 2006, 2007 and 2008, respectively.

Table of Contents

v. Foreign-based Operations Translation Adjustment

In translating the foreign currency financial statements of the Company's overseas subsidiaries into Korean won, the Company presents the translation gain or loss as a foreign-based operations translation adjustment in the accumulated other comprehensive income (loss) section of the balance sheet. The translation gain or loss arises from the application of different exchange rates; the year-end rate for balance sheet items except stockholders' equity, the historical rate for stockholders' equity and the daily average rate for statement of income items.

w. Accounting for Foreign Currency Transactions and Translation

SK Telecom and its domestic subsidiaries maintain their accounts in Korean won. Transactions in foreign currencies are recorded in Korean won based on the prevailing rate of exchange at the dates of transactions. As allowed under Korean GAAP, monetary assets and liabilities denominated in foreign currencies are translated in the accompanying consolidated financial statements at the Base Rates announced by Seoul Money Brokerage Services, Ltd. on the balance sheet dates, which, for U.S. dollars, were ₩929.60=US\$1, ₩938.20=US\$1 and ₩1,257.50=US\$1 at December 31, 2006, 2007 and 2008, respectively. The resulting gains and losses arising from the translation or settlement of such assets and liabilities are included in current operations.

x. Derivative Instruments

The Company records rights and obligations arising from derivative instruments as assets and liabilities, which are stated at fair value. The gains and losses that result from the change in the fair value of derivative instruments are reported in current earnings. However, for derivative instruments designated as hedging the exposure of variable cash flows, the effective portions of the gains or losses on the hedging instruments are recorded as accumulated other comprehensive income (loss) and credited/charged to operations at the time the hedged transactions affect earnings, and the ineffective portions of the gains or losses are credited/charged immediately to operations.

y. Revenue Recognition

The Company recognizes revenue when they are realized or realizable and earned. Revenues are realized or realizable and earned when the Company has persuasive evidence of an arrangement, the goods have been delivered or the services have been rendered to the customer, sales price is fixed or determinable and collectability is reasonably assured.

The revenue of the Company is principally derived from telecommunication service including data services and wireless device sales. Telecommunication service consists of fixed monthly charges, usage-related charges and non-refundable activation fees. Fixed monthly charges are recognized in the period earned. Usage-related charges are recognized at the time services are rendered. Non-refundable activation fees are recognized when the activation service was performed.

Meanwhile, the Company recognizes sales revenues on a gross basis when the Company is the primary obligator in the transactions with customers and if the Company merely acts an agent for the buyer or seller from whom it earns a commission, then sales revenues are recognized on a net basis.

SK Telecom's subsidiaries also sell products and merchandises to customers and these sales are recognized at the time products and merchandises are delivered.

Table of Contents

z. Income Taxes

Income tax expense is determined by adding or deducting the total income tax and surtaxes to be paid for the current period and the changes in deferred income tax assets and liabilities.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognized for all taxable temporary differences with some exceptions and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred income tax assets and liabilities are classified into current and non-current based on the classification of related assets or liabilities for financial reporting purposes.

aa. Net Income Per Share

Net income per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted net income per share of common stock is calculated by dividing adjusted net income by adjusted weighted average number of shares outstanding during the period, taking into account the dilutive effect of stock option and convertible bonds.

ab. Handset Subsidies to Long-term Mobile Subscribers

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 26).

ac. Use of Estimates

The Company's management makes reasonable estimates and assumptions in preparing the financial statements in conformity with accounting principles generally accepted in the Republic of Korea. These estimates and assumptions can change according to additional experiences, changes in circumstances, new information and other and could differ from actual results.

ad. Reclassification

Certain reclassifications have been made in prior periods financial statements to conform to classifications used in the current period. Such reclassifications did not have an effect on the previously reported net assets as of December 31, 2007 and 2006 or net income for the years then ended.

ae. Adoption of New Statements of Korea Accounting Standards (SKAS)

On January 1, 2006, the Company adopted SKAS No. 18 through No. 20. The adoption of such accounting standards did not have an effect on the consolidated financial position of the Company as of December 31, 2006 or the consolidated net income of the Company for the year ended December 31, 2006.

Table of Contents

On January 1, 2007, the Company adopted SKAS No. 11, and No. 21 through No. 23, and No. 25. The adoption of such accounting standards did not have an effect on the consolidated financial position of the Company as of December 31, 2007 or consolidated net income of the Company for the year ended December 31, 2007. Details of primary change due to such adoption of SKASs are as follows:

Pursuant to adoption of SKAS No. 21, Preparation and Presentation of Financial Statements, certain amounts classified as capital adjustments through 2006 are classified as accumulated other comprehensive income (loss); such amounts include unrealized gain/loss on available-for-sale securities, equity in capital adjustments of affiliates and gain/loss on valuation of derivative instruments. In addition, certain amounts classified as investment assets through 2006 are classified as other non-current assets; such amounts include long-term loans, guarantee deposits, long-term deposits and others. The accompanying consolidated balance sheets as of December 31, 2005 and 2006, which are comparatively presented, were reclassified in accordance with SKAS No. 21.

Pursuant to adoption of SKAS No. 25, Consolidated Financial Statements, net income is allocated to majority interest and minority interest. In addition, when a subsidiary is purchased during the year, statement of income of the subsidiary is included in the consolidation as though it had been acquired at the beginning of the year, and pre-acquisition earnings are presented as deduction at the bottom of the consolidated statements of income. The accompanying consolidated statements of income for the years ended December 31, 2005 and 2006, which are comparatively presented, were reclassified in accordance with SKAS No. 25. In addition, in connection with the Company's adoption of SKAS No. 25, the Company also began to present pre-acquisition cash flows of subsidiaries as a separate deduction (addition) at the bottom of the Company's consolidated statements of cash flows.

There is no significant change due to the adoption of SKAS No.11, No.22 and No.23. The amended SKAS No. 25, Consolidated Financial Statements, which is effective December 29, 2008, clarifies that when the parent's ownership interest in a subsidiary is increased after control is obtained, the difference between the consideration for additional acquisition of interest and portion of net asset of subsidiary, which had been previously recognized as capital surplus, should be recognized as other capital adjustment if the difference is negative amount and there is no related capital surplus earned at previous transaction. As the amended SKAS No. 25, Consolidated Financial Statements is applied retroactively during the year ended December 31, 2008, the 2006 and 2007 financial statements presented comparatively are restated, which results in the increase in capital surplus by ₩16,072 million and ₩31,146 million as of December 31, 2006 and 2007, respectively, and the decrease in other capital adjustment by ₩16,072 million and ₩31,146 million as of December 31, 2006 and 2007, respectively.

af. Discontinued Operation

When a subsidiary is disposed during the year, the results of its operations in the consolidated income statement are treated as discontinued operation and should be presented as a single item between income tax expenses for continuing operation and net income.

On August 22, 2008, the Company disposed its investment in Helio LLC which was incorporated to provide cellular telephone communication service in the US to Virgin Mobile USA in accordance with the agreement entered into on June 27, 2008. As a result, the operation of Helio LLC was presented as discontinued operation.

Table of Contents

And, the details from discontinued operation for the years ended December 31, 2007 and 2008 are as following (In millions of Korean won) :

	2006	2007	2008
Revenue	₩	₩ 154,805	₩ 116,607
Operating Expense		(446,348)	(230,478)
Other Income (expense)		(603)	(15,917)
Income tax benefit			109,579
Preacquisition net loss for subsidiary		242,045	
Net loss		₩ (50,101)	₩ (20,209)

Cash flows from discontinued operation for the years ended December 31, 2007 and 2008 are as following (In millions of Korean won)

	2006	2007	2008
Operating Activities	₩	₩ (38,749)	₩ (213,899)
Investing Activities		(1,832)	(51,631)
Financing Activities		27,804	9,015
Net	₩	₩ (12,777)	₩ (256,515)

Meanwhile, total assets and liabilities related to discontinued operation as of December 31, 2007 totaled ₩224,583 million and ₩160,968 million, respectively.

3. INVENTORIES

Inventories as of December 31, 2006, 2007 and 2008 consist of the following (In millions of Korean won):

	2006	2007	2008
Merchandise	₩ 1,167	₩ 42,787	₩ 17,032
Finished goods	2,282	4,054	4,079
Semi-finished goods	41	706	509
Raw materials	313	165	13
Supplies	16,782	3,733	14,105
Total	20,585	51,445	35,738
Less allowance for valuation loss	(807)	(4,393)	(764)
Net	₩ 19,778	₩ 47,052	₩ 34,974

Table of Contents**4. INVESTMENT SECURITIES****a. Short-term Investment Securities**

Short-term investment securities as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	Acquisition cost at December 31, 2008	Fair value at December 31, 2008	2006	Carrying amount 2007	2008
Trading securities(Note)	₩ 376,563	₩ 367,001	₩ 665,312	₩ 635,434	₩ 367,001
Current portion of long-term investment securities	7,545	5,912	335	101,209	5,912
Total	₩ 384,108	₩ 372,913	₩ 665,647	₩ 736,643	₩ 372,913

(Note) The Company's trading securities are all beneficiary certificates as of December 31, 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.

b. Long-term Investment Securities

Long-term investment securities as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Available-for-sale equity securities	₩ 1,011,971	₩ 4,689,905	₩ 3,102,833
Available-for-sale debt securities	1,463,636	469,729	8,261
Held-to-maturity securities	146	94	113
Total	2,475,753	5,159,728	3,111,207
Less current portion	(335)	(101,209)	(5,912)

Long-term portion	₩ 2,475,418	₩ 5,058,519	₩ 3,105,295
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Table of Contents**b-(1). Available-for-sale Equity Securities**

Available-for-sale equity securities as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won, except for share data):

	Number of shares	December 31, 2008		Acquisition cost	Fair value	Carrying amount						
		Ownership percentage (%)				2006	2007	2008				
(Investments in listed companies)												
Digital Chosunilbo Co., Ltd.	2,890,630	7.8	₩	5,781	₩	5,636	₩	5,897	₩	8,629	₩	5,636
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)					(note a)			88,581		116,525		
KRTnet Corporation	234,150	4.4		1,171		1,098		2,517		2,470		1,098
POSCO	2,481,310	2.8		332,662		942,898		766,725		1,426,753		942,898
DAEA TI Co., Ltd. (formerly Comas Interactive Co., Ltd.)	99,120	0.2		1,695		89		83		228		89
Extended Computing Environment Co., Ltd.	133,333	3.0		10		40		876		905		40
nTels Co., Ltd.	205,200	6.2		34		504		34		1,525		504
Qualcomm Inc.	55,805	0.1		2,756		2,514				2,060		2,514
China Unicom Ltd. (note b)	899,745,075	3.8		1,333,009		1,357,648				1,936,840		1,357,648
LG Powercomm Co., Ltd. (note c)	6,066,666	4.6		241,243		39,433		80,370		89,422		39,433
ZeroOne Interactive Co.,Ltd.(note d)								3,845		2,770		
T-Entertainment Co., Ltd.	1,026,695	6.2		2,500		1,355				1,817		1,355
HB Entertainment Co., Ltd.								1,137				
De Chocolate E&TF Co., Ltd.	709,219	2.7		1,000		660						660
C.C.S. Inc.	29,696	0.6		414		249						249

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Medifron DBT Co., Ltd.	170,525	0.9	328	246			246
sub-total			1,922,603	2,352,370	950,065	3,589,944	2,352,370
(Investments in non-listed companies)							
SK C&C Co., Ltd. (note e)	6,000,000	30.0	501,652	676,716		1,037,604	676,716
Eonex Technologies Inc.	144,000	12.3	3,600	(note f)	4,593	4,593	
The Korea Economic Daily Dreamline Corp.	2,585,069	13.8	13,964	(note g)	13,964	13,964	13,964
Cheongsol Other	1,520,373	8.9	16,160	8,519	(note h)		8,519
	216,400	7.1	4,494	(note g)	5,000	5,000	4,494
			148,928	(note f, g)	34,333	20,611	24,329
sub-total			688,798		57,890	1,081,772	728,022
(Investments in funds)							
Others			22,441	(note f)	4,016	18,189	22,441
sub-total			22,441		4,016	18,189	22,441
Total			₩ 2,633,842		₩ 1,011,971	₩ 4,689,905	₩ 3,102,833

Table of Contents

(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 included in the consolidation of accompanying financial statement.

(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.
And, the related
gain on
conversion of
convertible bonds
of
~~₩~~373,140 million
was recorded
during the year
ended
December 31,
2007.

(note c) As the common
stocks of LG
Powercomm Co.,
Ltd. were listed
on the stock
Market of Korea
Exchange during
the year ended
December 31,
2008, the
Company
recorded the
investment at its
market value as
of December 31,
2008. In addition,
as the difference
between the
market value and
carrying value of
the investments is
material and the
market value is
significantly less
than the
acquisition cost
over the
long-term period,
the Company
recorded
~~₩~~201,243 million
of impairment
loss on
investment
securities during

the year ended
December 31,
2008.

(note d) During the year
ended
December 31,
2008, SK-KTB
Music Investment
Fund, a
subsidiary of the
Company, sold
2,472,999
common shares of
ZeroOne
Interactive
Co.,Ltd.

(note e) 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
year 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
~~₩~~501,155 million
(net of tax effect
of
~~₩~~190,093 million)
and
~~₩~~250,413 million
(net of tax effect
of
~~₩~~79,947 million)
as of
December 31,
2007 and 2008,
respectively.

(note f) Due to the
impairment of the
investment of
Eonex
Technologies Inc.
and others, the
Company
recorded
~~₩~~17,486 million
of impairment
loss during the
year ended
December 31,
2008.

(note g) As a reasonable
estimate of fair
value could not
be made, the
investment is
stated at
acquisition cost.

(note h) The Company
recorded its
investment in
common stock of
Dreamline Corp.
at its fair value
(~~₩~~5,603 per
share) estimated
using market

approach and
income approach
valuation method
and related
unrealized losses
on valuation of
the investment are
included in
accumulated
other
comprehensive
loss.

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

Available-for-sale debt securities as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	Maturity	Acquisition cost at December 31, 2008	2006	Carrying amount 2007	2008
Public bonds	(note a)	₩ 1,260	₩ 51,313	₩ 51,353	₩ 1,260
Currency stabilization bonds	(note b)		49,894	49,713	
Closed beneficiary certificates	Oct. 20, 2009	3,501		4,788	3,551
Bond-type beneficiary certificates	(note c)	3,000	5,072	360,641	1,868
Convertible bonds of China Unicom Ltd.	Jul. 5, 2009		1,276,703		
Convertible bonds of Eonex Technologies, Inc.	Oct. 11, 2008		1,000	1,000	
Convertible bonds of Empas Corp.	Oct. 18, 2009		78,670		
Others		2,134	984	2,234	1,582
Total		9,895	1,463,636	469,729	8,261
Less current portion of available-for-sale debt securities		(7,544)	(256)	(101,209)	(5,911)
Long-term available-for-sale debt securities		₩ 2,351	₩ 1,463,380	₩ 368,520	₩ 2,350

The Interest income incurred from available-for-sale debt securities for the years ended December 31, 2006, 2007 and 2008 were ₩7,991 million, ₩4,800 million and ₩5,226 million, respectively.

(note a) The maturities of public bonds as of December 31, 2008 are within 1 year for ₩159 million, within 5 years for ₩1,089 million and over 5 years for ₩12 million.

(note b) Currency stabilization bonds were fully redeemed at their maturities for the year ended December 31, 2008.

(note c) The maturities of bond-type beneficiary certificates as of December 31, 2008 are within 1 year.

Table of Contents**b-(3). Held-to-maturity Securities**

Held-to-maturity securities as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	Maturity	Acquisition cost at December 31, 2008	2006	Carrying amount 2007	2008
Public bonds	(note a)	₩ 113	₩ 146	₩ 94	₩ 113
Less current portion of held-to-maturity securities			(79)		(1)
Long-term held-to-maturity securities			₩ 67	₩ 94	₩ 112

The Interest income incurred from held-to-maturity securities for the years ended December 31, 2006, 2007 and 2008 were ₩8 million, ₩25 million and ₩3 million, respectively.

(note a) The maturities of public bonds as of December 31, 2008 are within 1 year for ₩1 million, within 5 years for ₩51 million and within 10 years for ₩61 million.

b-(4). Changes in Unrealized Gains (Losses) on Valuation on Long-term Investment Securities

The changes in unrealized gains (losses) on valuation on long-term investment securities for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	Beginning balance	Increase/ (decrease)	For the year ended December 31, 2006 Transferred to realized gain (loss)	Minority interest in equity of consolidated subsidiaries	Ending balance
Digital Chosunilbo Co., Ltd. SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)	₩ 14 (65,237)	₩ 102 32,141	₩	₩	₩ 116 (33,096)

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KRTnet Corporation	1,475	(129)			1,346
POSCO	168,563	265,500			434,063
Comas Interactive Co., Ltd. (Formerly INNOTG Co., Ltd.)	(1,611)				(1,611)
Extended Computing Environment Co., Ltd.		866			866
ZeroOne Interactive Co.,Ltd.		(655)		71	(584)
HB Entertainment Co., Ltd.	56	(1,272)		795	(421)
LG Powercomm Co., Ltd.	(163,113)	3,240			(159,873)
Eonex Technologies Inc.	2,011				2,011
Public bonds		(4)			(4)
Currency stabilization bonds	(217)	906	(677)		12
Convertible bonds of China Unicom Ltd.		319,648			319,648
Convertible bonds of Empas Corp.		33,820		(4,218)	29,602
Sub-total	(58,059)	654,163	(677)	(3,352)	592,075
Less tax effect (note a)	15,966	(179,894)	186	895	(162,847)
 Total	 ₩ (42,093)	 ₩ 474,269	 ₩ (491)	 ₩ (2,457)	 ₩ 429,228

Table of Contents

	For the year ended December 31, 2007				
	Beginning balance	Increase/ (decrease)	Transferred to realized gain (loss)	Minority interest in equity of consolidated subsidiaries	Ending balance
Digital Chosunilbo Co., Ltd.	₩ 116	₩ 2,731	₩	₩	₩ 2,847
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)	(33,096)	27,944			(5,152)
KRTnet Corporation	1,346	(46)			1,300
POSCO	434,063	660,028			1,094,091
DAEA TI Co., Ltd. (Formerly Comas Interactive Co., Ltd.)	(1,611)	145			(1,466)
Extended Computing Environment Co., Ltd.	866	29			895
nTels Co., Ltd.		1,490			1,490
Qualcomm Inc. Ltd.		(696)			(696)
China Unicom Ltd.		599,012			599,012
ZeroOne Interactive Co.,Ltd.	(584)	(1,147)		189	(1,542)
T-Entertainment Co., Ltd.		(682)		74	(608)
HB Entertainment Co., Ltd.	(421)	421			
LG Powercomm Co., Ltd.	(159,873)	9,053			(150,820)
SK C&C Co., Ltd.		691,248			691,248
Eonex Technologies Inc.	2,011				2,011
Public bonds	(4)	(201)			(205)
Currency stabilization bonds	12	(247)			(235)
Convertible bonds of China Unicom Ltd.	319,648	208,095	(527,743)		
Convertible bonds of Empas Corp.	29,602		(29,602)	137	137
Beneficiary certificates		9,256		46	9,302
Sub-total	592,075	2,206,433	(557,345)	446	2,241,609
Less tax effect (note a)	(162,847)	(607,406)	153,270	(13)	(616,996)
Total	₩ 429,228	₩ 1,599,027	₩ (404,075)	₩ 433	₩ 1,624,613

Table of Contents

	For the year ended December 31, 2008				
	Beginning balance	Increase/ (decrease)	Transferred to realized gain (loss)	Minority interest in equity of consolidated subsidiaries	Ending balance
Available-for-sales securities:					
Digital Chosunilbo Co., Ltd.	₩ 2,847	₩ (2,992)	₩	₩	₩ (145)
SK Broadband Co., Ltd. (formerly hanarotelecom incorporated)	(5,152)		5,152		
KRTnet Corporation	1,300	(1,373)			(73)
POSCO	1,094,091	(483,855)			610,236
DAEA TI Co., Ltd. (Formerly Comas Interactive Co., Ltd.)	(1,466)	(140)			(1,606)
Extended Computing Environment Co., Ltd.	895	(865)			30
nTels Co., Ltd.	1,490	(1,020)			470
Qualcomm Inc. Ltd.	(696)	454			(242)
China Unicom Ltd.	599,012	(998,891)			(399,879)
ZeroOne Interactive Co.,Ltd.	(1,542)		1,730	(188)	
T-Entertainment Co., Ltd.	(608)	(462)		50	(1,020)
De Chocolate E&TF Co., Ltd.		(341)		214	(127)
C.C.S. Inc.		(44)		25	(19)
Medifron DBT Co., Ltd.		(83)		47	(36)
Dreamline Corp.		(9,162)		5,184	(3,978)
Saeronet Broadcasting Co., Ltd.		(81)		46	(35)
LG Powercomm Co., Ltd.	(150,820)	150,459		204	(157)
SK C&C Co., Ltd.	691,248	(360,888)			330,360
Eonex Technologies Inc.	2,011	(2,011)			
Public bonds	(205)	205			
Currency stabilization bonds	(235)	235			
Convertible bonds of Empas Corp.	137				137
Beneficiary certificates	9,302	(10,656)	133	985	(236)
Sub-total	2,241,609	(1,721,511)	7,015	6,567	533,680
Less tax effect (note a)	(616,996)	492,830	(1,453)	(219)	(125,838)
Total	₩ 1,624,613	₩ (1,228,681)	₩ 5,562	₩ 6,348	₩ 407,842

(note a) Represents adjustments to reflect the tax effect of temporary

differences
directly charged
or credited to
unrealized gains
(losses) on
valuation of
long-term
investment
securities,
which are other
comprehensive
income
(loss) items, in
accordance with
SKAS No. 16
Income Taxes ,
which is
effective
January 1, 2005.

Table of Contents**5. EQUITY SECURITIES ACCOUNTED FOR USING THE EQUITY METHOD**

Equity securities accounted for using the equity method as of December 31, 2006, 2007 and 2008 are as follows
(In millions of Korean won, except for share data):

	Number of shares	December 31, 2008		Net asset value		Carrying amount		
		Ownership percentage (%)	Acquisition cost			2006	2007	2008
SK Marketing & Company Co., Ltd.	5,000,000	50.0	₩ 190,000	₩ 96,798	(note n)	₩	₩	₩ 96,798
AirCross Co., Ltd.	1,575,000	100.0	2,440	7,289	(note d)	1,477		7,289
SK C&C Co., Ltd.					(note a)	268,278		
STIC Ventures Co., Ltd.					(note b)	8,611		
TU Media Corp. Harex Info Tech, Inc.	225,000	21.2	3,375	245	(note c)	7,214		
SK Mobile Skytel Co., Ltd.	1,951,777	20.0 29.3	4,930 2,159	2,110 13,858	(note e)	4,666 5,823	3,273 7,743	2,111 13,858
SK China Company Ltd.	94,960	29.7	6,159	4,556			137	3,577
Helio, LLC & Helio, Inc. TR					(note f)	80,130		
Entertainment Virgin Mobile USA, Inc.	13,542,553	42.2 16.6	10,953 72,496	2,770 (57,084)	(note o) (note p)			9,626 62,096
SK Telecom China Holding Co., Ltd.					(note u)		19,070	
SK USA, Inc.	49	49.0	3,184	5,249		3,016	3,141	5,249
Korea IT Fund Michigan Global Cinema Fund Centurion IT Investment Association	190	63.3	190,000	210,735	(note g) (note h)	193,061 3,773	210,568	210,735
3rd Fund of Isu Entertainment Magic Tech Network	25 4,500 18,000	31.3 30.0 100.0	2,500 8,494 26,044	1,882 2,162 31,807	(note i) (note g)	2,419	2,028	1,882 7,725 31,807

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SK Telecom Global Investment B.V.					(note r)			
SKY Property Mgmt. Ltd.	22,980	60.0	283,368	287,006	(note s)			287,006
CDMA Mobile Phone Center Wave City Development Co., Ltd.		50.0	161,256	67,139		84,689	66,001	67,139
SK Cyberpass, Inc.	380,000	19.0	1,967	1,908	(note t)			1,908
E-Eye High Tech Cyworld Japan Co., Ltd.	33,196	84.9	6,372	3,809	(note m)	1,780		4,068
Cyworld Incorporated		65.5	20,952	11,121	(note u)			19,801
Prmaxsoftware tech.Co.,Ltd.	1,250,000	100.0	10,584	1,169		4,362	4,091	3,690
Mobile Money Ventures, LLC	9,500,000	100.0	9,071			3,592	2,672	2,672
SK Telecom Holdings America, Inc.		89.3	7,128	7,127	(note v)			7,127
Benex Movie Expert Fund		50.0	8,821	5,283	(note w)			5,283
Empas Corp. SK i-media Co., Ltd.	100	100.0	12,990	12,990			4,050	12,990
Ntreev Soft Co., Ltd.	810	46.6	8,100	8,045	(note x)			8,045
Konan Technology					(note j)	36,474		
Other investment in affiliates			44,183		(note k)	11,312		
					(note k)	4,800		
					(note k)	4,037		
Total			₩ 1,097,526			₩ 750,921	₩ 350,966	₩ 898,512

Table of Contents

(note a) For the year ended December 31, 2007, the Company's shares of SK C&C Co., Ltd. were increased to 6,000,000 shares from 300,000 shares as a result of SK C&C Co., Ltd.'s 20 to 1 stock split. In addition, the investment in common stock of SK C&C Co., Ltd. was reclassified to available-for-sale equity securities, as SK C&C Co., Ltd. became the ultimate parent company of the Company by increasing its ownership interest in SK Holdings Co., Ltd., a split-off company from SK Corporation Co., Ltd. to 25.42% as of December 31, 2007.

(note b) For the year ended December 31, 2007, the Company disposed all of its 1,600,000 shares of STIC Ventures Co., Ltd.

(note c) TU Media Corp. was newly included in consolidation effective April 1, 2007 as the Company's ownership interest

increased to 32.7% and is the largest stockholder of TU Media Corp.

(note d) For the year ended December 31, 2007, the Company acquired additional 975,000 shares of AirCross Co., Ltd. from WiderThan Co., Ltd. and others, which increased the Company's ownership interest from 38.1% to 100.0%. Accordingly AirCross Co., Ltd. was newly included in consolidation in 2007. However, for the year ended December 31, 2008, AirCross Co., Ltd. Was excluded from the consolidation and accounted for using the equity method as it was fully liquidated during March 2009.

(note e) On March 31, 2006, the Company acquired 42.5% interests of common stock of SK Mobile from Pantech Co., Ltd. and others.

(note f) In the first quarter of 2005, the Company incorporated SK Telecom USA Holdings, Inc. with

an initial investment of US\$83 million in order to invest and manage Helio, LLC, a joint venture company in the United States of America, which was established in order to provide wireless telecommunication service in the United States of America. Through December 31, 2007, the Company additionally invested in Helio, LLC and the Company's ownership interest increased to 64.9%. As a result, Helio, LLC became subsidiary and included in consolidation effective November 1, 2007.

(note g) The investment in Korea IT Fund was reclassified to equity securities accounted for using the equity method for the year ended December 31, 2006 as the Company has ability to exercise significant influence on the investee. In accordance with the Agreement of Korea IT Fund, the Company has voting rights of 14.3%, while the

Company invested
63.3% of total
capital contribution
and has profit
sharing rights of
63.3%.

(note h) As TU Media Corp.
became a
subsidiary of the
Company during
the year ended
December 31,
2007, TU Media
Corp. s ownership
interest in
Michigan Global
Cinema Fund
added to the
Company s
ownership interest
in Michigan Global
Fund for the
calculation of
controlling
ownership interest.
As a result,
Michigan Global
Cinema Fund was
newly included in
consolidation
effective April 1,
2007.

(note i) Centurion IT
Investment
Association was
deconsolidated as it
was dissolved on
February 2008;
instead, it was
accounted for using
the equity method
for the year ended
December 31,
2007.

Table of Contents

(note j) Empas Corp. was merged into SK Communications Co., Ltd. during the year ended December 31, 2007.

(note k) Through the year ended December 31, 2006, these investees were excluded from consolidation and accounted for using the equity method even though the Company's ownership interest is over majority because their total assets at the beginning of the fiscal year were less than ₩7 billion in accordance with Korean GAAP. However, as the investees' total assets as of December 31, 2006 increased to more than ₩7 billion, these investees were included in consolidation effective January 1, 2007.

(note l) Even though the Company's ownership interest is over majority, these investees are

excluded from the consolidation and accounted for using the equity method as their total assets at the beginning of the fiscal year were less than ₩7 billion, in accordance with Korean GAAP.

(note m) Through the year ended December 31, 2006, SK Cyberpass, Inc. was excluded from consolidation and accounted for using the equity method even though the Company's ownership interest is over majority because its total assets at the beginning of the fiscal year were less than ₩7 billion in accordance with Korean GAAP. As its total assets as of December 31, 2006 increased to more than ₩7 billion, these investees were included in consolidation effective January 1, 2008. But, as its total assets as of December 31, 2007 declined to below

₩7 billion, it was accounted for using the equity method again in 2008.

(note n) For the year ended December 31, 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 o) For the year ended December 31, 2008, the Company acquired 13,542,553 shares of TR Entertainment. As a result, the Company holds 42.2% ownership in TR Entertainment.

(note p) For the year ended December 31, 2008, the Company acquired 16.6% ownership in Virgin Mobile USA Inc. The company is expected to exercise significant

influence to Virgin Mobile USA Inc. as the Company has the right to nominate the director for the Virgin Mobile USA Inc. even though its ownership percentage is below 20.0%

(note q) For the year ended December 31, 2008, the Company acquired 4,500 shares of Magic Tech Network. As a result, the Company holds 30.0% ownership in Magic Tech Network.

(Note r) For the year ended December 31, 2008, the Company established in SKT Global Investment B.V. and holds 100% ownership for the investee. However, SKT Global Investment B.V. is accounted for using the equity method as its capital stock as of incorporation is less ₩7 billion.

(Note s) For the year ended

December 31,
2008, the
Company
acquired 22,980
shares of SKY
Property Mgmt
Ltd. As a result,
the Company
holds 60.0%
ownership for the
investee.
However, SKT
Global
Investment B.V.
is included in the
equity securities
accounted for
using the equity
method as its
capital as of
incorporation is
less ₩7 billion.

Table of Contents

(Note t) For the year ended December 31, 2008, the Company acquired 380,000 shares of Wave City Development Co., Ltd. As a result, the Company holds 19.0% ownership for the investee. The Company is expected to exercise significant influence to Wave City Development Co., Ltd. as the Company have the right to nominate the director for the Wave City Development Co., Ltd. even though its ownership percentage is less than 20.0%.

(Note u) E-Eye High Tech whose total assets are less ₩7 billion as of December 31, 2007 is included in the equity securities accounted for using the equity method as SK Telecom China Holding Co.,

Ltd., a subsidiary of the Company and parent company of E-Eye High Tech, is included in the consolidation for the year ended December 31, 2008 as its total assets as of December 31, 2007 was over ₩7 billion.

(Note v) For the year ended December 31, 2008, the Company acquired 89.3% of equity interest in Prmaxsoftware tech.Co.,Ltd. which is accounted for using the equity method as their total assets at the beginning of the fiscal year were less than ₩7 billion.

(Note w) SKT America, Inc. (formerly SK Telecom International Inc.), a wholly-owned subsidiary of the Company, acquired 50.0% of equity interest in Mobile Money Ventures, LLC for the year

ended
December 31,
2008.

(Note x) For the year
ended
December 31,
2008, the
Company
acquired 810
shares of Benex
Movie Expert
Fund. As a
result, the
Company holds
46.6%
ownership for
the investee.

Table of Contents

Details of changes in investments in affiliates accounted for using the equity method for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

		For the year ended December 31, 2006					
	Beginning balance	Acquisition	Equity in earnings (losses)	Equity in capital surplus and other comprehensive income	Dividend received	Other increase (decrease)	Ending balance
Pantech Co., Ltd.	(note a) ₩ 55,732	₩	₩ (55,902)	₩ 170	₩	₩	₩
SK C&C Co., Ltd.	(note b) 168,244		37,825	63,199	(990)		268,278
STIC Ventures Co., Ltd.	8,379		845	(613)			8,611
TU Media Corp.	32,343		(25,129)				7,214
AirCross Co., Ltd.	966		511				1,477
WiderThan Co., Ltd.	(note c) 11,503					(11,503)	
IHQ, Inc.	14,755		(1,346)	84		(13,493)	
Harex Info Tech, Inc.	2,530		(725)				1,805
SK Mobile		10,322	(5,520)	(136)			4,666
Skytel Co., Ltd.	(note b) 4,786		1,970	(605)	(328)		5,823
SK China Company Ltd.	485		(380)	(105)			
Helio, LLC & Helio, Inc.	(note d) 102,272	76,933	(88,309)			(10,766)	80,130
SK USA, Inc.	3,279		7	(270)			3,016
Korea IT Fund	(note e)		2,339	722		190,000	193,061
Michigan Global Cinema Fund	4,000		(227)				3,773
3rd Fund of Isu Entertainment	2,500		(81)				2,419
SKT-HP Ventures, LLC	(note f) 5,290					(5,290)	
CDMA Mobile Phone Center	(note g) 40,810	76,039	(21,474)			(10,686)	84,689
Empas Corp.		37,092	(1,369)	751			36,474
SK i-media Co., Ltd.		12,000	(636)	(52)			11,312
Cyworld Japan Co., Ltd.	726	6,118	(2,549)	67			4,362
Etoos Group Inc.	2,586		(259)			(2,327)	

	(note h)						
Cyworld Incorporated		524	8,547	(5,358)	(121)		3,592
Other investments in affiliates		10,169	17,282	90	(640)	3,318	30,219
		₩ 471,879	₩ 244,333	₩ (77,368)	₩ 62,451	₩ (1,318)	₩ 139,253
							₩ 750,921

(note a) Pantech Co., Ltd. suffered a significant loss due to deterioration of its liquidity during the fourth quarter of 2006, which resulted in the Company's investments in Pantech Co., Ltd. to be reduced to zero. Equity in losses of affiliates that exceeded the carrying amount was ₩43,543 million for the year ended December 31, 2006.

(note b) The Company received dividends from SK C&C Co., Ltd. and Skytel Co., Ltd. and the corresponding amount was deducted from its equity method securities.

(note c) The Company sold all of investments in equity securities

of WiderThan Co.,
Ltd. for the year
ended
December 31,
2006 and
recognized gains
on disposal of
investment in
equity securities
of
₩21,780 million.

Table of Contents

- (note d) Other decrease in investments in equity securities of Helio, Inc. represents losses from disposal of investments in equity securities of Helio, Inc. amounting to ₩1,991 million resulting from the dilution of the Company's ownership as a result of the fact that investee sold its unissued shares to third parties directly, and translation loss of ₩8,776 million incurred from translating the foreign currency financial statements of Helio, Inc. into Korean won.
- (note e) Other increase in investments in Korea IT Fund is the carrying amount transferred from available-for-sale equity securities.
- (note f) Investment was fully liquidated due to dissolution of SKT-HP Ventures, LLC for the year ended December 31, 2006.

(note g) For the year ended December 31, 2006, SLD received a cash distribution of ₩5,978 million from CDMA Mobile Phone Center, and such reimbursement decreased SLD's investment in CDMA Mobile Phone Center. The amount was equivalent to the depreciation from the contributed machinery provided to CDMA Mobile Phone Center as an in-kind contribution from SLD. In addition, translation loss of ₩4,708 million incurred from translating the foreign currency financial statements of SLD Telecom PTE Ltd. into Korean won and such translation loss was accounted for as a decrease in the investment in CDMA Mobile Phone Center.

(note h) For the year ended December 31, 2006, Etoos Group Inc. was merged into SK Communications

Co., Ltd., the
Company's
subsidiary.

Table of Contents

		For the year ended December 31, 2007						
		Beginning	Acquisition	Equity in	Equity in	Dividend	Other	Ending
		balance		earnings	comprehensive	received	increase	balance
				(losses)	income		(decrease)	
SK C&C Co., Ltd.	(notes a and d)	₩ 268,278	₩	₩ 230,252	₩ 4,381	₩ (1,260)	₩ (501,651)	₩
STIC Ventures Co., Ltd.		8,611			(238)		(8,373)	
TU Media Corp.	(note b)	7,214		(5,879)			(1,335)	
AirCross Co., Ltd.	(note c)	1,477		(95)			(1,382)	
Harex Info Tech, Inc.		1,805		(687)				1,118
SK Mobile		4,666		(1,678)	285			3,273
Skytel Co., Ltd.	(note d)	5,823		2,562	12	(654)		7,743
SK China Company Ltd.				54	83			137
Helio, Inc. & Helio, LLC	(note e)	80,130	18,527	(116,725)	(38)		18,106	
SK USA, Inc.		3,016		96	29			3,141
Korea IT Fund		193,061		14,383	3,124			210,568
Michigan Global Cinema Fund	(note f)	3,773					(3,773)	
3rd Fund of Isu Entertainment	(note g)	2,419		(891)			500	2,028
Centurion IT Investment Association				35	777		1,651	2,463
CDMA Mobile Phone Center	(note h)	84,689	12,094	(20,651)			(10,131)	66,001
Empas Corp.	(note i)	36,474		(6,397)	24		(30,101)	
SK i-media Co., Ltd.	(note j)	11,312					(11,312)	
Cyworld Japan Co., Ltd.		4,362		(391)	120			4,091
Cyworld Incorporated	(note k)	3,592		(4,052)				2,672
SK Telecom China Holding			19,070					19,070

Co., Ltd.								
Ntreev Soft Co., Ltd.	(note j)	4,800					(4,800)	
Konan Technology	(note l)	4,037		(109)	8		(3,936)	
SK Cyberpass, Inc.	(note j)	1,780					(1,780)	
Cyworld Europe GmbH	(note m)	512	3,696	(4,208)				
Cyworld China (Holdings) Ltd.	(note m)		8,467	(8,467)				
Other investment in affiliates	(note m)	19,090	14,775	(5,244)	176	(268)	132	28,661
		₩ 750,921	₩ 76,629	₩ 71,908	₩ 8,744	₩ (2,182)	₩ (558,185)	₩ 350,966

(note a) The investment in SK C&C Co., Ltd. was reclassified to available-for-sale security during the fourth quarter of 2007 as it became the ultimate parent company of the Company.

(note b) TU Media Corp. was included in the consolidation of accompanying consolidated financial statements effective April 1, 2007, as the Company acquired additional equity of TU Media Corp. in February 2007.

(note c) AirCross Co., Ltd. was included in the consolidation of accompanying

consolidated
financial
statements
effective April 1,
2007, as the
Company
acquired
additional equity
of AirCross Co.,
Ltd. in
March 2007.

Table of Contents

(note d) The Company received dividends from SK C&C Co., Ltd. and Skytel Co., Ltd.; the corresponding amount was deducted from its equity method securities.

(note e) Helio, Inc. & Helio LLC was included in the consolidation of accompanying consolidated financial statements effective November 2007, as the Company acquired additional equity of Helio, LLC during the fourth quarter of 2007.

(note f) As TU Media Corp. who had certain ownership interest of Michigan Global Cinema Fund became a subsidiary of the Company in February 2007, the Company became the largest stockholder owning more than 30% of total outstanding common stock of Michigan Global Cinema Fund and

included
Michigan Global
Cinema Fund in
the consolidation
of accompanying
consolidated
financial
statements
effective April 1,
2007.

(note g) Other increase in
investments in
equity securities
of 3rd Fund of
Isu Entertainment
resulted from
additional
investment by
TU Media Corp.

(note h) For the year
ended
December 31,
2007, SKT
Vietnam PTE
Ltd. (formerly
SLD Telecom
PTE Ltd.)
received a cash
distribution of
~~₩~~10,728 million
from CDMA
Mobile Phone
Center, and such
reimbursement
decreased SKT
Vietnam PTE
Ltd s investment
in CDMA Mobile
Phone Center.
The amount was
equivalent to the
depreciation from
the contributed
machinery
provided to
CDMA Mobile
Phone Center as
an in-kind
contribution from

SKT Vietnam PTE Ltd. In addition, translation gain of ₩597 million incurred from translating the foreign currency financial statements of SKT Vietnam PTE Ltd. into Korean won and such translation gain was accounted for as an increase in the investment in CDMA Mobile Phone Center.

(note i) Other decrease in investments in equity securities of Empas Corp. resulted from the merger between Empas Corp. and SK Communications Co., Ltd.

(note j) SK i-media Co., Ltd., Ntreev Soft Co., Ltd. and SK Cyberpass, Inc. were newly included in the consolidation of the accompanying financial statements as their total assets at the beginning of 2007 increased to more than ₩7 billion, in accordance with Korean GAAP.

(note k) Equity in losses of affiliates amounting to ₩3,133 million resulted from the additional recognition of equity losses for short-term loans provided for by SK Communications Co., Ltd.

(note l) Konan Technology which was a subsidiary of Empas Corp. was included in the consolidation of accompanying consolidated financial statements as SK Communications Co., Ltd. merged with Empas Corp. for the year ended December 31, 2007.

(note m) As carrying amounts of equity securities accounted for using the equity method of Cyworld Europe GmbH, Cyworld China (Holdings) Ltd. and Cyworld Vietnam became nil, the equity method accounting was discontinued. Unrecognized losses because of the

discontinuance of
the equity
method were
₩3,164 million
as of
December 31,
2007.

Table of Contents

	For the year ended December 31, 2008						
	Beginning balance	Acquisition	Equity in earnings (losses)	Equity in capital surplus and other comprehensive income	Dividend received	Other increase (decrease)	Ending balance
SK Marketing & Company Co., Ltd.	₩	₩ 190,000	₩ 7,410	₩ (100,612)	₩	₩	₩ 96,798
AirCross Co., Ltd.	(Note a)		2,261			5,028	7,289
Harex Info Tech, Inc.	(Note c)	1,118	(522)				596
SK Mobile Skytel Co., Ltd.		3,273	2,004	5,189	2,140	(3,166)	2,111
SK China Company Ltd.		7,743			(1,214)		13,858
TR Entertainment		137	2,963	164	313		3,577
Virgin Mobile USA Inc.			10,953	(2,108)	781		9,626
SK Telecom China Holding Co., Ltd.	(Note d)		29,693	(8,896)	(1,504)	42,803	62,096
SK USA, Inc.		19,070				(19,070)	
Korea IT Fund		3,141		911	1,197		5,249
Centurion IT Investment Association	(Note e)	210,568		4,771	(4,604)		210,735
3rd Fund of Isu Entertainment		2,463				(2,463)	
Magic Tech Network		2,028		(146)			1,882
SK Telecom Global Investment B.V.			8,494	(1,233)	464		7,725
SKY Property Mgmt. Ltd.			26,044	125	5,638		31,807
CDMA Mobile Phone Center	(Note f)		283,368	(1,998)	5,636		287,006
Wave City Development Co., Ltd.		66,001	13,629	(25,766)		13,275	67,139
SK Cyberpass, Inc.	(Note b)		1,967	(59)			1,908
Shenzhen E-Eye High Tech			3,444	(1,584)	980	1,228	4,068
		4,091		(1,151)	138	20,952	19,801
				(539)			3,690

Cyworld Japan Co., Ltd.							
Cyworld Incorporated	2,672						2,672
Prmaxsoftware tech.Co.,Ltd.		7,127					7,127
Mobile Money Ventures,LLC.	(Note g)	8,821	(4,189)		651		5,283
SK Telecom Hodlings America, Inc.	4,050	8,940					12,990
Benex Movie Expert Fund		8,100	(55)				8,045
Other investment in affiliates	24,611	7,010	(1,959)	1,112		(5,340)	25,434
	₩ 350,966	₩ 612,557	₩ (29,374)	₩ (88,321)	₩ (1,214)	₩ 53,898	₩ 898,512

(note a) Aircross Co.,
Ltd. was
included in the
equity securities
accounted for
using equity
method as it was
fully liquidated
in March 2009.

(note b) SK Cyberpass,
Inc was
included in the
equity securities
accounted for
using equity
method as its
total assets at
the beginning of
2008 decreased
to less than
₩7 billion.

Table of Contents

(note c) Other decrease in investments in equity securities of SK Mobile represent disposal of part of the equity shares.

(note d) Other decreases in investments in equity securities of SK Telecom China Holding Co., Ltd. resulted from the fact that SK Telecom China Holding Co., Ltd. is included in consolidation for the year ended December 31, 2008.

(note e) 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 f) Translation gain of ₩13,275 million incurred from translating the foreign currency

financial statements of SKT Vietnam PTE Ltd. into Korean won and such translation gain was accounted for as an increase in the investment in CDMA Mobile Phone Center.

(note g) The amount represent translation gain of ₩651 million incurred from translating the foreign currency financial statements of SKT Americas, Inc. (formerly SK Telecom International inc.) into Korean won and such translation gain was accounted for as an increase in the investment in Mobile Money Ventures, LLC.

Details of changes in the differences between the acquisition cost and net asset value of equity method investees at the acquisition date for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	For the year ended December 31, 2006			Ending balance
	Beginning balance	In(De)crease	Amortization	
Pantech Co., Ltd.	₩ 793	₩	₩ (793)	₩
SK C&C Co., Ltd.	4,870		(406)	4,464
TU Media Corp.	993		(209)	784
IHQ, Inc.	6,267	(5,533)	(734)	
Harex Info Tech, Inc.	1,402		(351)	1,051
SK Mobile		3,192	(3,192)	

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Helio, Inc.		38		38
Empas Corp.		24,159	(1,208)	22,951
Etoos Group Inc.	1,581	(1,553)	(28)	
Other investments in affiliates		12,531	(1,086)	11,445
Total	₩ 15,906	₩ 32,834	₩ (8,007)	₩ 40,733

For the year ended December 31, 2007

	Beginning balance	In(De)crease	Amortization	Ending balance
SK C&C Co., Ltd.	₩ 4,464	₩ (4,160)	₩ (304)	₩
TU Media Corp.	784	(732)	(52)	
IHQ, Inc.				
Harex Info Tech, Inc.	1,051		(350)	701
SK Mobile				
Helio, Inc.	38		(38)	
Empas Corp.	22,951	(18,924)	(4,027)	
Etoos Group Inc.				
Ntreev Soft Co., Ltd.	1,785	(1,785)		
Konan Technology	3,859	(3,859)		
Other investments in affiliates	5,801	2,899	(1,770)	6,930
Total	₩ 40,733	₩ (26,561)	₩ (6,541)	₩ 7,631

Table of Contents

	For the year ended December 31, 2008			
	Beginning balance	In(De)crease	Amortization	Ending balance
Harex Info Tech, Inc.	₩ 701	₩	₩ (351)	₩ 350
TR Entertainment		8,066	(1,210)	6,856
Virgin Mobile USA Inc.		126,363	(7,183)	119,180
Skytel Co., Ltd.		(1,387)	1,387	
SK China Company Ltd.		107		107
Magic Tech Network		6,181	(618)	5,563
SK Cyberpass Inc.		304	(46)	258
Shenzhen E-Eye High Tech		10,851	(2,171)	8,680
Other investments in affiliates	6,930	(1,893)	(1,601)	3,436
Total	₩ 7,631	₩ 148,592	₩ (11,792)	₩ 144,431

Details of changes in unrealized intercompany gains incurred from sales of assets for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	For the year ended December 31, 2006			
	Beginning balance	Increase	Decrease	Ending balance
Pantech Co., Ltd.	₩	₩ 271	₩ (271)	₩
SK China Company Ltd.	1,086			1,086
Cyworld Japan Co., Ltd.	2,526	681	(570)	2,637
Cyworld Incorporated		1,888	(94)	1,794
Other investments in affiliates		892	(104)	788
Total	₩ 3,612	₩ 3,732	₩ (1,039)	₩ 6,305

	For the year ended December 31, 2007			
	Beginning balance	Increase	Decrease	Ending balance
SK China Company Ltd.	₩ 1,086	₩	₩	₩ 1,086
Cyworld Japan Co., Ltd.	2,637		(2,227)	410
Cyworld Incorporated	1,794		(378)	1,416
Other investments in affiliates	788	2,552	(385)	2,955
Total	₩ 6,305	₩ 2,552	₩ (2,990)	₩ 5,867

	For the year ended December 31, 2008			
	Beginning balance	Increase	Decrease	Ending balance
SK China Company Ltd.	₩ 1,086			₩ 1,086

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Cyworld Japan Co., Ltd.	410		(410)	
Cyworld Incorporated	1,416			1,416
Other investments in affiliates	2,955	57	(192)	2,820
Total	₩ 5,867	₩ 57	₩ (602)	₩ 5,322

Table of Contents

The condensed financial information of the investees as of and for the year ended December 31, 2008 are as follows (In millions of Korean won):

	Total assets	Total liabilities	Revenue	Net income (loss)
SK Marketing & Company Co., Ltd.	₩593,884	₩400,287	₩133,271	₩ 14,823
AirCross Co., Ltd.	7,402	114	24,352	2,261
Harex Info Tech, Inc.	2,241	1,082	2,798	(812)
Skytel Co., Ltd.	50,653	3,448	39,815	14,409
SK China Company Ltd.	16,449	1,101	11,632	(1,222)
TR Entertainment	7,521	956	6,383	(2,129)
SK USA, Inc.	12,028	1,316	9,710	1,860
Korea IT Fund	332,724		19,742	7,534
3rd Fund of Isu Entertainment	6,012		305	(390)
Magic Tech Network	10,194	2,986	556	(2,049)
SK Telecom Global Investment B.V.	31,845	39	286	125
SKY Property Mgmt. Ltd.	656,923	178,581	9,448	(3,330)
CDMA Mobile Phone Center	451,998	317,719	73,803	(51,532)
Wave City Development Co., Ltd.	27,413	17,371	523	(311)
SK Cyberpass, Inc.	8,850	4,361	22,031	(2,454)
Shenzhen E-Eye High Tech	17,557	579	5,965	1,462
Cyworld Japan Co., Ltd.	1,931	221	194	(868)
Cyworld Incorporated	2,737	13,673	57	(5,821)
Money Mobile USA, Inc.	12,404	1,838		(8,378)
Virgin Mobile USA Inc.	480,661	825,373	479,739	(10,345)
Benex Movie Expert Fund	17,428	146	82	(119)

6. LOANS TO EMPLOYEES

Short-term and long-term loans to employees as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Loans to employees stock ownership association	₩ 7,526	₩ 34,817	₩ 74,878
Loans to employees for housing and other	4,580	15,231	15,488
	₩ 12,106	₩ 50,048	90,366

On December 26, 2007 and January 23, 2008, we loaned ₩ 31.0 billion and ₩ 29.7 billion, respectively, to our employee stock ownership association to help fund the employee stock ownership association's acquisition of our treasury shares. Such loans will be repaid over a period of five years, beginning on the second anniversary of each loan date.

Table of Contents**7. PROPERTY AND EQUIPMENT**

Property and equipment as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	Useful lives (years)	2006	2007	2008
Land		₩ 473,109	₩ 454,916	₩ 756,348
Buildings and structures	15-50	1,502,755	1,510,199	1,925,563
Machinery	3-9	11,380,257	12,909,629	18,572,546
Other	3-5	1,004,196	1,028,442	1,135,325
Construction in progress		132,831	308,955	356,150
Total		14,493,148	16,212,141	22,745,932
Less accumulated depreciation		(9,985,813)	(11,242,431)	(15,305,773)
Accumulated impairment				(2,197)
Government subsidy			(356)	(273)
Property and equipment, net		₩ 4,507,335	₩ 4,969,354	₩ 7,437,689

The government's declared standard value of land owned as of December 31, 2006, 2007 and 2008 are ₩519,234 million, ₩561,326 million and ₩895,866 million, respectively.

Details of changes in property and equipment for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	Beginning balance	For the year ended December 31, 2006				Ending balance
		Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 466,562	₩ 115	₩ (645)	₩ 7,077	₩	₩ 473,109
Buildings and structures	1,151,094	4,664	(849)	14,262	(55,947)	1,113,224
Machinery	2,479,623	65,819	(8,571)	1,014,646	(1,152,632)	2,398,885
Other	301,781	839,284	(17,308)	(636,866)	(97,605)	389,286
Construction in progress	264,309	588,260		(719,738)		132,831
	₩4,663,369	₩1,498,142	₩(27,373)	₩(320,619)	₩(1,306,184)	₩4,507,335

	Beginning balance	Other increase (decrease)	For the year ended December 31, 2007				Ending balance
			Acquisition	Disposal	Transfer	Depreciation	
Land	₩ 473,109	₩	₩ 471	₩(20,362)	₩ 1,698	₩	₩ 454,916
Buildings and structures	1,113,224	5	4,998	(3,488)	7,779	(56,438)	1,066,080

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Machinery	2,398,885	282,925	106,524	(8,420)	1,333,354	(1,312,840)	2,800,428
Other	389,286	19,008	1,034,181	(14,273)	(964,200)	(125,027)	338,975
Construction in progress	132,831	5,941	669,793	(893)	(498,717)		308,955
Total	₩ 4,507,335	₩ 307,879	₩ 1,815,967	₩ (47,436)	₩ (120,086)	₩ (1,494,305)	₩ 4,969,354

Table of Contents

	For the year ended December 31, 2008							Ending balance
	Beginning balance	Other increase (decrease)	Acquisition	Disposal	Transfer	Depreciation		
Land	₩ 454,916	₩ 294,629	₩ 141	₩ (3,394)	₩ 10,056	₩	₩ 756,348	
Buildings and structures	1,066,080	319,266	10,984	(2,900)	28,692	(67,310)	1,354,812	
Machinery	2,800,428	1,675,918	358,052	(55,090)	1,600,116	(1,804,916)	4,574,508	
Other	338,975	(950)	1,138,814	(29,633)	(928,313)	(123,022)	395,871	
Construction in progress	308,955	61,155	728,939	(13,461)	(729,438)		356,150	
Total	₩ 4,969,354	₩ 2,350,018	₩ 2,236,930	₩ (104,478)	₩ (18,887)	₩ (1,995,248)	₩ 7,437,689	

Other increase (decrease) resulted from merger and the changes in consolidated subsidiaries.

8. INTANGIBLE ASSETS

Intangible assets as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	December 31, 2008			Carrying amounts		
	Acquisition cost	Accumulated amortization	Accumulated Impairment	2006	2007	2008
Goodwill	₩ 2,998,512	₩ (1,093,395)	₩ (5,378)	₩ 1,775,695	₩ 1,684,357	₩ 1,899,739
Frequency use rights	1,385,120	(541,349)		1,076,833	960,302	843,771
Software development costs	270,638	(232,872)	(3,193)	45,653	19,837	34,573
Customer relationships	504,156	(68,621)			25,139	435,535
Other	1,628,458	(861,947)	(1,984)	620,230	744,327	764,527
	₩ 6,786,884	₩ (2,798,184)	₩ (10,555)	₩ 3,518,411	₩ 3,433,962	₩ 3,978,145

Details of changes in intangible assets for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	For the year ended December 31, 2006						Ending balance
	Beginning balance	Acquisition	Disposal	Transfer	Amortization	Impairment	
Goodwill	₩ 1,868,932	₩ 1,672	₩	₩ 44,947	₩ (139,806)	₩ (50)	₩ 1,775,695
Frequency use rights	1,184,292	687			(108,146)		1,076,833
Software development	65,991	1,946		9,340	(31,624)		45,653

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costs								
Other	333,674	69,659	(1,250)	330,866	(112,604)	(115)	620,230	
	₩ 3,452,889	₩ 73,964	₩ (1,250)	₩ 385,153	₩ (392,180)	₩ (165)	₩ 3,518,411	

Table of Contents

For the year ended December 31, 2007

	Beginning balance	Other increase (decrease)	Acquisition	Disposal	Transfer	Amortization	Impairment	Ending balance
Goodwill	₩ 1,775,695	₩ 59,460	₩ 958	₩ (124)	₩ 6,092	₩ (157,724)	₩ ()	₩ 1,684,357
Frequency use rights	1,076,833					(116,531)		960,302
Software development costs	45,653	1,881	3,294	(5,673)	1,679	(26,930)	(67)	19,837
Customer relationships		33,152			629	(8,642)		25,139
Other	620,230	85,983	110,850	(5,750)	129,729	(196,569)	(146)	744,327
Total	₩ 3,518,411	₩ 180,476	₩ 115,102	₩ (11,547)	₩ 138,129	₩ (506,396)	₩ (213)	₩ 3,433,962

For the year ended December 31, 2008

	Beginning balance	Other increase (decrease)	Acquisition	Disposal	Transfer	Amortization	Impairment	Ending balance
Goodwill	₩ 1,684,357	₩ 481,106	₩ 1,305	₩ (55)	₩ 1,197	₩ (267,078)	₩ (1,093)	₩ 1,899,739
Frequency use rights	960,302					(116,531)		843,771
Software development costs	19,837	4,950	16,356	(1)	10,769	(14,713)	(2,625)	34,573
Customer relationships	25,139	479,017				(68,621)		435,535
Other	744,327	16,255	131,680	(10,809)	180,673	(297,085)	(514)	764,527
Total	₩ 3,433,962	₩ 981,328	₩ 149,341	₩ (10,865)	₩ 192,639	₩ (764,028)	₩ (4,232)	₩ 3,978,145

Other increase (decrease) resulted from merger and change in consolidated subsidiary.

The book value and residual useful lives of major intangible assets as of December 31, 2008 are as follows (In millions of Korean won):

	Amount	Description	Residual useful lives
Goodwill	₩ 1,434,898	Goodwill related to merger of Shinsegi Telecomm, Inc.	11 years and 3 months
"	29,956	Goodwill related to merger of Empas Corp.	3 years and 10 months
"	378,084		19 years and 3 months

IMT license	772,762	Goodwill related to acquire of SK Broadband Co., Ltd. Frequency use rights relating to W-CDMA service	(note a)
WiBro license	65,699	WiBro service	(note b)
DMB license	5,310	DMB service	7 years and 6 months
Customer relationships	435,535	Customer relationships related to acquisition of SK Broadband Co., Ltd.	4 years and 9 months

Table of Contents

(note a) With its application for a license to provide IMT services, the Company has a commitment to pay ₩1,300,000 million to the Ministry of Information Communication (MIC). SK IMT Co., Ltd., which was merged into SK Telecom on May 1, 2003, paid ₩650,000 million in March 2001 and SK Telecom is required to pay the remainder over 10 years with an annual interest rate equal to the 3-year-maturity government bond rate minus 0.75% (4.54% as of December 31, 2008). 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 license from MIC, and recorded the total license cost

(measured at present value) as an intangible asset.

Amortization of the IMT license commenced when the Company started its commercial IMT 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. The Company determined the IMT license has a finite life, considering that renewal cost is expected to be substantial. As of December 31, 2008, the present value discount related to the current portion and long-term portion of payments to be made to MIC amounts to ₩805 million and ₩15,416 million, respectively.

(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 method over
the remaining
useful life.

Table of Contents**9. BONDS PAYABLE**

Bonds as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won and thousands of U.S. dollars and thousands of Japanese yen):

	Maturity year	Annual Interest rate (%)	2006	2007	2008
Domestic general bonds	2006	5.0-6.0	₩	₩	₩
"	2007	5.0-6.0	700,000		
"	2008	5.0	300,000	300,000	
"	2009	5.0	300,000	300,000	300,000
"	2010	4.0~6.77	200,000	200,000	250,000
"	2011	3.0	200,000	200,000	200,000
" (note a)	2012	3 month Euro Yen			
		Libor+0.55		104,166	174,236
"	2013	4.0~6.92	200,000	200,000	450,000
"	2014	5.0		200,000	200,000
"	2015	5.0			200,000
"	2016	5.0	200,000	200,000	200,000
"	2018	5.0			200,000
Unsecured private bonds	2008	6.07-6.14		30,000	
" (note b)	2009	6.51-7.48		34,584	23,205
"	2009	6.45		30,000	30,000
" (note b)	2010	6.50-7.07		36,250	28,182
Unsecured public bonds	2008	5.50		50,000	
"	2010	6.30-6.81		110,000	110,000
"	2011	9.08			25,000
Debentures (notes c and e)	2009	6.08			96,172
" (notes c and f)	2010	8.75~9.25			80,000
" (notes c and f)	2011	6.65~9.20			315,718
Dollar denominated bonds (US\$300,000)	2011	4.25	278,880	281,460	377,250
Dollar denominated bonds (US\$500,000) (notes c and g)	2012	7.0			656,251
Dollar denominated bonds (US\$400,000)	2027	6.63		375,280	503,000
Floating rate notes (US\$150,000) (note a)	2010	3-month LIBOR rate +3.05			188,625
Private bonds (¥125,000)	2007	4.65	684		
Convertible bonds (SK Telecom) (note d)	2009		356,356	268,415	268,415
Convertible bonds (IHQ, Inc.)	2008		18,356		
Convertible bonds (YTN Media, Inc.)	2007	1.0	1,000		
	2007	4.65	684		

Bond with stock purchase warrant
(SK Communications Co., Ltd.)

Sub total	2,755,960	2,920,155	4,876,054
Less discounts on bonds	(39,422)	(46,557)	(77,182)
Less conversion right adjustments	(46,079)	(19,665)	(5,733)
Less warrant right adjustments	(23)		
Add long-term accrued interest	23,854	17,256	17,256
Net	2,694,290	2,871,189	4,810,395
Less portion due within one year	(698,967)	(522,528)	(736,003)
Long-term portion	₩ 1,995,323	₩ 2,348,661	₩ 4,074,392

Table of Contents

(note a) The 3-months Euro Yen LIBOR rate and the 3-month Libor rate as of December 31, 2008 are 0.83% and 1.425%, respectively.

(note b) These bonds are scheduled to repay in 3 years with a two-year grace period.

(note c) These bonds are debentures of SK Broadband Co.,Ltd. which was newly included in consolidation of accompanying consolidated financial statements for the year ended December 31, 2008.

(note d) The principal amount of these convertible bonds denominated in U.S. dollar as of December 31, 2006, 2007 and 2008 are US\$304,240,000, US\$229,160,000 and US\$229,160,000, respectively.

(note e) SK Broadband Co., Ltd. is required to keep

the debt ratio lower than 400% and prohibited from disposing or leasing of its property and equipment more than ₩1,000 billion in each fiscal year in accordance with the covenant provision of related borrowings.

(note f) SK Broadband Co., Ltd. is required to keep the debt ratio lower than 1,000% and prohibited from disposing or leasing of its property and equipment more than 20 times of its stockholders equity in each fiscal year in accordance with covenant provision of related borrowings.

(note g) SK Broadband Co., Ltd. is required to propose tender offer to purchase its outstanding bonds at 101% of principal if investors other than foreign majority shareholders acquire more than 45% equity

interest in SK
Broadband Co.,
Ltd., and its credit
rating is
down-graded by
designated credit
rating agency
(S&P, Moody s)
due to such
change in
management
right.

All of the above bonds will be paid in full at maturities except for bonds of mentioned at the above note b.

Convertible Bonds Issued by SK Telecom

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 December 31, 2008 is 1,324,744 shares. Effective July 1, 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 interim dividends in accordance with the resolution of the Company's board of directors of July 18, 2008.

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.

Table of Contents

During the year ended December 31, 2006, the convertible bonds with a principal amount of US\$25,210,000 were converted into 136,613 shares of treasury stock (see Note 16), and the principal amount of the convertible bonds decreased from US\$329,450,000 to US\$304,240,000. In addition, the consideration for conversion right (capital surplus) decreased by ₩3,733 million (net of tax effect of ₩1,416 million).

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 principal amount of US\$38,820,000 were converted into 216,347 shares of treasury stock (see Note 16). 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). In 2008, no conversion right was exercised.

Convertible Bonds and Bonds with Stock Purchase Warrants Issued by Subsidiaries

In 2005, IHQ, Inc. (IHQ) and YTN Media, Inc. (YTN) which were consolidated effective July 1, 2006, issued convertible bonds with the principal amount of US\$18,000,000 and ₩1,000 million, respectively. As of December 31, 2006, IHQ's convertible bonds are convertible into IHQ's common stock at ₩7,359 (convertible rate of exchange: 1,034.70 = US\$1) per share during the period from May 15, 2006 to November 15, 2008. Unless converted, these bonds are redeemable for cash at 104.57% of the principal amount at maturity. During the year ended December 31, 2007, all convertible bonds were converted into common stocks, therefore no convertible bonds are remained as of December 31, 2008.

As SK Communications Co., Ltd. merged with Etoos Group on May 1, 2006, bonds with stock purchase warrants with the principal amount of ¥125,000,000 were transferred to the Company. During the year ended December 31, 2007, these bonds were all redeemed at maturity, accordingly no bonds with stock purchase warrants are remained as of December 31, 2008.

Table of Contents**10. LONG-TERM BORROWINGS**

Long-term borrowings as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won, thousands of U.S. dollars and thousands of Japanese yen):

Lender	Final maturity year	Annual interest rate (%) (note a)	2006	2007	2008
Shinhan Bank (note b)	2011	91 days CD yield + 0.25	₩ 200,000	₩ 200,000	₩ 200,000
Korea Development Bank	2011	91 days CD yield + 1.02			₩ 100,000
Citibank	2011	91 days CD yield + 1.20			₩ 100,000
Nonghyup	2011	91 days CD yield + 1.30			₩ 100,000
Hana Bank	2011	91 days CD yield + 1.50			₩ 150,000
Nonghyup	2011	91 days CD yield + 1.50			₩ 50,000
Shinhan Bank	2011	4.36		₩ 762	₩ 635
Korea Development Bank	2011	5.79			₩ 16,253
Kookmin Bank	2012	5.91			₩ 11,860
Korea Development Bank	2013	5.91			₩ 10,577
Small Business Corporation	2009	5.25		₩ 156	₩ 31
Calyon Bank	2013	6M Libor + 0.29	US\$ 50,000	US\$ 50,000	US\$ 50,000
DBS Bank	"	"	US\$ 25,000	US\$ 25,000	US\$ 25,000
SMBC	"	"	US\$ 25,000	US\$ 25,000	US\$ 25,000
Earthlink, Inc.	2010	10		US\$ 30,000	
Industrial Bank of Korea	2008	3.50 ~ 3.90	¥ 8,880	¥	
"	2009	3.11	¥ 9,100		
"	2010	2.50 ~ 4.00	₩	₩ 641	₩ 384
Resona Bank	2010	1.85	¥	¥ 98,573	
Total			₩ 200,000 US\$ 100,000 ¥ 17,980	₩ 201,559 US\$ 130,000 ¥ 98,573	₩ 739,740 US\$ 100,000
Equivalent in Korean won			₩ 293,101	₩ 324,346	₩ 865,490
Less portion due within one year			(75)	(925)	(9,019)
Long-term portion			₩ 293,026	₩ 323,421	₩ 856,471

(note a)

At
December 31,
2008, the
91-day CD yield
and the 6M
LIBOR rate are
3.93% and
1.75%,
respectively.

(note b) This long-term a
borrowings is
classified as
long-term
borrowing as
the borrowing is
to be rolled-over
exceeding
1 year from
December 31,
2008 in
accordance with
the loan
agreement.

Table of Contents

The repayment schedule of long-term borrowings at December 31, 2008 is as follows (In millions of Korean won and thousands of denominated in Yen):

Year ending December 31,	Long-term borrowing in Korean won	Long-term borrowing in foreign currencies		Total
		Foreign currencies	Korean won equivalent	
2009	₩ 9,019			₩ 9,019
2010	12,599			12,599
2011	710,856			710,856
2012	5,503			5,503
2013 and thereafter	1,763	US\$ 100,000	₩ 125,750	127,513
Total	₩ 739,740	US\$ 100,000	₩ 125,750	₩ 865,490

11. SUBSCRIPTION DEPOSITS

The Company receives facility guarantee deposits from subscribers of cellular services at the subscription date. The Company has no obligation to pay interest on these deposits and returns all amounts to subscribers upon termination of the subscription contract.

Long-term subscription guarantee deposits by service type held as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won, except deposit per subscriber amounts):

Service type	Deposit per subscriber	2006			2007			2008		
Cellular	₩ 200,000	₩ 21,140	₩ 6,425	₩ 4,796						

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

Subscription deposits payable in current liabilities section represents payable to subscribers who cancelled services.

Table of Contents**12. LEASES**

During the year ended December 31, 2005, the Company acquired certain computer equipment and software from SK C&C Co., Ltd. and succeeded SK C&C Co., Ltd. in certain capital lease agreements between SK C&C Co., Ltd. and HP Financial Service. YTN Media, Inc., which was consolidated effective July 1, 2006, acquired certain broadcasting equipment from HYOSUNG CAPITAL Co., Ltd. under certain finance lease agreements. The acquisition cost of such leased broadcasting equipment, computer equipment and software totaled ₩265,625 million as of December 31, 2008. Depreciation expense for the year ended December 31, 2008 was ₩45,807 million. The Company's minimum future lease payments as of December 31, 2008 are as follows (In millions of Korean won):

Year ending December 31,	Annual lease payments	Interest	Principal
2009	₩ 74,741	₩ 12,951	₩ 61,791
2010	74,650	8,401	66,249
2011	49,260	3,625	45,635
2012	28,147	758	27,388
Total	₩ 226,798	₩ 25,735	201,063
Less portion due within one year			(61,790)
Finance lease liabilities			₩ 139,273

The Company leased certain machinery and equipment under an operating lease and the Company's minimum future lease payments as of December 31, 2008 are as follows (In millions of Korean won):

Year ending December 31,	Minimum Lease Payments
2009	₩ 672,837
2010	460,046
2011	436,425
2012	410,590
2013 and thereafter	
Total	₩ 1,979,898

13. 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 9 and 10) as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won, thousands of U.S. dollars, thousands of HK dollars, thousands of Japanese yen, thousands of Singaporean dollars, thousands of Euros, thousands of Great Britain pounds, thousands of Swiss francs, thousands of Chinese Yuan, thousands of Vietnam dong, thousands of Canadian dollars and thousands of France francs):

Table of Contents

	Foreign currencies			Korean won equivalent		
	2006	2007	2008	2006	2007	2008
Cash and cash equivalents	US\$ 1,330	US\$ 357,413	US\$ 7,269	₩ 1,236	₩ 335,325	₩ 9,140
"	EUR 2	EUR 117	EUR 85	2	162	152
"			JPY 1,313			18
Accounts receivable trade	US\$ 30,849	US\$ 26,818	US\$ 35,837	28,677	25,161	45,066
"	¥ 800	¥ 41,307		6	344	
"	EUR 248	EUR 248	EUR 187	303	343	332
		CNY 5,620	CNY 5,620		722	1,035
Short-term loans		US\$ 2,419	US\$ 2,168		2,270	2,726
Accounts receivable other	US\$ 1,657	US\$ 965	US\$ 2	1,541	905	3
"			CNY 7,888			1,452
Guarantee deposits	US\$ 17	US\$ 12	US\$ 8	16	11	9
"	¥ 21,536	¥ 16,912	¥ 17,397	168	141	242
Total assets				₩ 31,949	₩ 365,384	₩ 60,175

	Foreign currencies			Korean won equivalent		
	2006	2007	2008	2006	2007	2008
Accounts payable trade		US\$ 27,904	US\$ 22,295	₩	₩ 26,179	₩ 28,036
"		¥ 1,251	¥ 1,251		10	17
"			FRF 11,474			3
Accounts payable other	US\$ 36,373	US\$ 22,596	US\$ 31,605	33,812	21,199	39,744
"	¥ 19,956	¥ 16,954	¥ 112,370	156	141	1,566
"	HK\$ 190	HK\$ 248	HK\$ 41	23	30	7
"	GBP 48	GBP 931	GBP 38	88	1,745	70
"	SG\$ 6	SG\$ 27	SG\$ 1	4	18	1
"	EUR 813	EUR 588	EUR 1,116	993	812	1,983
"	CHF 250	CHF 250		190	208	
"	CA\$ 2			1		
"	FRF 11	FRF 11		2	2	
Total liabilities				₩ 35,269	₩ 50,344	₩ 71,427

14. CAPITAL STOCK AND CAPITAL SURPLUS

The Company's outstanding capital stock consists entirely of common stock with a par value of ₩500. The number of authorized, issued and outstanding common shares as of December 31, 2006, 2007 and 2008 are as follows:

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	2006	2007	2008
Authorized shares	220,000,000	220,000,000	220,000,000
Issued shares	81,193,711	81,193,711	81,193,711
Outstanding shares, net of treasury stock	72,667,459	72,584,677	72,486,015

Table of Contents

Significant changes in common stock and capital surplus in 2006, 2007 and 2008 are as follows (In millions of Korean won, except for share data):

	Number of shares issued	Common stock	Capital surplus
At December 31, 2005	82,276,711	44,639	2,969,865
Retirement of treasury stock (note a)	(1,083,000)		
Conversion of convertible bonds (note b)			(3,733)
Transfer of stock options from capital adjustment (note c)			234
Equity in capital surplus changes of affiliates			33
At December 31, 2006	81,193,711	44,639	2,966,399
Conversion of convertible bonds (note d)			(11,116)
Transfer of stock options from capital adjustment (note e)			3,246
Equity in capital surplus changes of affiliates			(2,423)
At December 31, 2007	81,193,711	44,639	2,956,106
Decrease of conversion of convertible bonds due to change in statutory tax rates			1,544
Gain on disposal of treasury stock (note f)			722
Equity in capital surplus changes of affiliates			482
At December 31, 2008	81,193,711	₩ 44,639	₩ 2,958,854

(note a) The Company retired 491,000 shares and 592,000 shares of treasury stock on August 17, 2006 and September 29, 2006, respectively, and reduced retained earnings before appropriation in accordance with Korean Commercial Code.

(note b) For the year ended December 31, 2006, the

convertible bonds with principal amount of US\$25,210,000 were converted into 136,163 shares of the Company's common stock. Such conversion was settled by the Company by using its treasury stocks. Related to this conversion transaction, the capital surplus amount decreased by ₩3,733 million.

(note c) For the year ended December 31, 2006, the exercisable period for the stock options representing 43,390 shares, of which recognized compensation costs were ₩234 million, expired and the related stock options of ₩234 million in capital adjustments were transferred to capital surplus.

(note d) For the year ended December 31, 2007, the convertible bonds with principal amount of US\$38,820,000 were converted into 216,347

shares of the Company's common stock. Such conversion was settled by the Company by using its treasury stocks (see note 16). Related to this conversion transaction, the capital surplus amount decreased by ₩11,116 million.

(note e) For 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.

Table of Contents

(note f) On January 23, 2008, treasury stock of 208,326 shares with carrying value totaling ₩49,401 million were sold to the employees stock ownership association. As a result of these transactions, tax effect of accumulated temporary differences related to the sold treasury stocks exceeded loss on disposal of treasury stock.

15. RETAINED EARNINGS

Retained earnings as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Appropriated	₩ 6,679,235	₩ 7,335,037	₩ 8,295,037
Unappropriated	1,168,199	1,579,933	1,153,148
	₩ 7,847,434	₩ 8,914,970	₩ 9,448,185

The details of appropriated retained earnings as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Legal reserve	₩ 22,320	₩ 22,320	₩ 22,320
Reserve for improvement of financial structure	33,000	33,000	
Reserve for loss on disposal of treasury stock	477,182	255,984	255,984
Reserve for research and manpower development	880,595	872,595	872,595
Reserve for business expansion	5,266,138	6,151,138	6,344,138
Reserve for technology development			800,000
	₩ 6,679,235	₩ 7,335,037	₩ 8,295,037

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

Through 2006, the Financial Control Regulation for Listed Companies in Korea required that at least 10% of net income (net of accumulated deficit), and an amount equal to net gain (net of related income tax, if any) on the disposal of property and equipment should be appropriated as a reserve for improvement of financial structure until the ratio of stockholders' equity to total assets reached 30%. However, this regulation was nullified during the year ended December 31, 2007 and no such requirement exists as of December 31, 2007 and 2008.

Table of Contents

c. Reserves 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 development are voluntary and were approved by the board of directors and stockholders.

16. TREASURY STOCK

Upon issuance 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 2005. 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 2005 in order to stabilize the market price of its stock. Meanwhile, 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, retained earnings decreased by ₩209,077 million. In addition, the loss on disposal of treasury stock decreased by ₩337 million for the year ended December 31, 2007 to reflect the tax effect of change in accumulated temporary differences related to treasury stocks based on the prior year tax return.

In addition, during the year ended December 31, 2006 and 2007, the convertible bonds with a principal amount of US\$25,210 thousand and US\$75,080 thousand were converted into 136,163 shares and 216,347 shares of common stock, respectively. Such conversion was settled by the Company by using its treasury stock with carrying value totaling ₩32,178 million and ₩51,199 million, which resulted in loss on disposal of treasury stock of ₩7,887 million and gain on disposal of treasury stock of ₩1,414 million, 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 year ended December 31, 2007 and increased by ₩7,155 million for the year ended December 31, 2008.

Meanwhile, from December 2, 2008 through December 30, 2008, the Company acquired 306,988 shares of treasury stock for ₩63,538 million in order to retire them with retained earnings in accordance with a resolution of Board of Directors on October 23, 2008.

Table of Contents**17. INCOME TAXES**

Income tax expenses for the years ended December 31, 2006, 2007 and 2008 consist of the following (In millions of Korean won) :

	2006	2007	2008
Currently	₩ 615,959	₩ 572,806	₩ 493,714
Changes in net deferred tax liabilities	(43,933)	121,681	(194,864)
Income tax expenses	₩ 572,026	₩ 694,487	₩ 298,850

The difference between income taxes computed using the statutory corporate income tax rates and the recorded income taxes for the years ended December 31, 2006, 2007 and 2008 is attributable to the following (In millions of Korean won):

	2006	2007	2008
Income taxes at statutory income tax rate of 25% in 2006, 2007 and 2008	₩ 505,394	₩ 571,441	₩ 314,683
Resident surtax payable	50,539	57,144	31,468
Tax credit for investments, technology and human resource development	(110,785)	(105,819)	(98,551)
Special surtax for agriculture and fishery industries	20,183	17,855	17,528
Additional income tax (tax refund) for prior periods		8,148	(60,130)
Goodwill amortization not deductible for tax purpose	38,447	35,382	35,382
Undistributed earnings (unrecognized deficit) of subsidiaries	1,496	5,326	3,196
Other permanent differences	24,717	3,664	18,045
Increase (decrease) in valuation allowance	42,035	101,346	37,229
Recorded income taxes	₩ 572,026	₩ 694,487	₩ 298,850
Effective tax rate	28.30%	30.38%	23.74%

Table of Contents

The tax effects of each type of temporary difference that gave rise to a significant portion of the deferred tax assets and liabilities at December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Current :			
Allowance for doubtful accounts	₩ 21,701	₩ 17,289	₩ 33,073
Accrued interest income	(1,605)	(2,073)	(2,902)
Accrued interest expense			21,856
Net operating loss carryforwards	1,121	5,406	7,606
Tax credit carryforwards	19		570
Other	28,704	15,756	(32,417)
Net deferred tax assets - current	49,940	36,378	27,786
Non-Current :			
Depreciation	(51,437)	(42,671)	(9,491)
Loss on impairment of investment securities	33,269	41,105	99,149
Equity in losses (gains) of affiliates, net	3,968	(52,313)	(3,458)
Unrecognized deficit (undistributed earnings) of subsidiaries	34,005	86,497	(59,826)
Tax free reserve for research and manpower development	(211,215)	(151,259)	(80,707)
Tax free reserve for loss on disposal of treasury stock	(70,395)	(70,396)	
Loss on valuation of foreign currency swap	6,188	6,188	(36,332)
Loss on valuation of interest swap	125	(871)	7,370
Loss on valuation of foreign currency swap (accumulated other comprehensive income)	6,668	6,668	(1,490)
Gain on conversion of convertible bond		(102,613)	(82,091)
Consideration for conversion right	(17,086)	(12,870)	(11,325)
Equity in other comprehensive income of affiliates, net	(34,077)	7,879	22,960
Unrealized loss (gain) on valuation of long-term investment securities (accumulated other comprehensive income)	(163,992)	(617,020)	(123,636)
Loss (Gain) on foreign currency translation			(34,773)
Net operating loss carryforwards	66,319	183,053	137,348
Tax credit carryforwards	48	35,399	39,345
Other	8,801	28,864	86,061
Total deferred tax liabilities	(388,811)	(654,360)	(50,896)
Valuation allowance for :			
Depreciation	183	236	(11,686)
Net operating loss carryforwards	(60,142)	(182,726)	(137,348)
Equity in losses of affiliates and unrecognized deficit of subsidiaries	(73,082)	(161,081)	(87,314)
Loss (Gain) on foreign currency translation			(34,773)
Loss on impairment of investment securities			(18,387)
Other	(8,132)	(39,541)	(63,403)

Net deferred tax liabilities	non-current	₩ (529,984)	₩ (1,037,472)	₩ (403,807)
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Table of Contents

The net operating loss carryforwards and tax credit carryforwards of the Company's certain subsidiaries which are expected to be reutilized as of December 31, 2008 which are expected to be reutilized will expire as follows (In millions of Korean won):

Year ending December 31,	Net operating loss carryforwards	Tax credit Carryforwards
2009	₩ 4	₩ 570
2010		514
2011		328
2012		223
Total	₩ 4	₩ 1,635

Deferred tax assets (liabilities) added to (deducted from) capital surplus or accumulated other comprehensive income as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Consideration for conversion right	₩ (17,086)	₩ (12,870)	₩ (11,325)
Gain on disposal of treasury stock	(38,341)	(36,339)	(28,368)
Equity in capital adjustments of affiliates			4,677
Stock option		(99)	
Unrealized loss (gain) on valuation of long-term investment securities, net	(162,847)	(616,996)	(125,620)
Equity in other comprehensive income of affiliates, net	(41,403)	(716)	(12,438)
Loss on valuation of foreign currency swap	6,668	6,668	4,032
Loss (gain) on valuation of interest rate swap	125	(871)	7,370
Foreign-based operations translation adjustment	(22)	(32)	193
Retained Earnings		30	30
Total	₩ (252,906)	₩ (661,225)	₩ (161,449)

Table of Contents**18. COMPREHENSIVE INCOME**

Details of comprehensive income for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006		2007		2008	
	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect	Profit and loss effect	Tax effect
Net income	₩ 1,449,552		₩ 1,562,265		₩ 972,338	
Other comprehensive income (loss):						
Unrealized gain on valuation of long-term investment securities, net	471,321	₩(178,814)	1,195,385	₩(454,149)	(1,216,771)	₩ 491,376
Equity in other comprehensive income of affiliates, net	45,956	(17,282)	(105,597)	40,687	(70,490)	(11,722)
Foreign-based operations translation adjustment	(19,737)	(24)	4,162	(10)	60,262	226
Gain (loss) on valuation of currency swap, net	(2,311)	1,291	4,671		20,360	(2,636)
Gain (loss) on valuation of interest rate swap, net	(329)	125	2,627	(996)	(28,427)	8,241
Sub-total	494,900	₩(194,704)	1,101,248	₩(414,468)	(1,235,066)	₩ 485,485
Comprehensive income	₩ 1,944,452		₩ 2,663,513		₩ (262,728)	
Attributable to :						
Majority interests	₩ 1,946,391		₩ 2,750,124		₩ (19,347)	
Minority interests	(1,939)		(86,611)		(243,381)	
	₩ 1,944,452		₩ 2,663,513		₩ (262,728)	

Table of Contents**19. NET INCOME PER SHARE**

Net income from continuing operation per share and net income per share for the years ended December 31, 2006, 2007 and 2008 are computed as follows (In millions of Korean won, except for share data):

Net income from continuing operation per share

	2006	2007	2008
Net income from continuing operation attributable to the majority interests	₩ 1,451,491	₩ 1,681,369	₩ 1,197,182
Weighted average number of common shares outstanding	73,305,026	72,650,909	72,765,557
Net income per share	₩ 19,801	₩ 23,143	₩ 16,453

Net income from continuing operation attributable to the majority interests for the years ended December 31, 2006, 2007 and 2008 are computed as follows (In millions of Korean won):

	2006	2007	2008
Net income attributable to the majority interests	₩ 1,451,491	₩ 1,648,876	₩ 1,215,719
The majority interests portion of net loss(income) from discontinued operation attributable to the majority interests		32,493	(18,537)
Net income from continuing operation attributable to the majority interests	1,451,491	1,681,369	1,197,182

Net income per share

	2006	2007	2008
Net income attributable to the majority interests	₩ 1,451,491	₩ 1,648,876	₩ 1,215,719
Weighted average number of common shares outstanding	73,305,026	72,650,909	72,765,557
Net income per share	₩ 19,801	₩ 22,696	₩ 16,707

Table of Contents

The weighted average number of common shares outstanding for 2006, 2007 and 2008 is calculated as follows:

	Date	Number of shares	Weighted number of days	Weighted number of shares
For 2006 :				
At January 1, 2006		82,276,711	365/365	82,276,711
Treasury stock, at the beginning of the year		(8,662,415)	365/365	(8,662,415)
Retirement of treasury stock	(note a)	(1,083,000)		(373,546)
Conversion of convertible bonds	(note b)	136,163		64,276
Total		72,667,459		73,305,026
For 2007 :				
At January 1, 2007		81,193,711	365/365	81,193,711
Treasury stock, at the beginning of the year		(8,526,252)	365/365	(8,526,252)
Acquisition of treasury stock	(note c)	(471,000)	28/365	(36,337)
Conversion of convertible bonds	(note d)	216,347	29/365	16,962
Disposal of treasury stock		171,871	6/365	2,825
Total		72,584,677		72,650,909
For 2008 :				
At January 1, 2008		81,193,711	366/366	81,193,711
Treasury stock, at the beginning of the year		(8,609,034)	366/366	(8,609,034)
Acquisition of treasury stock	(note c)	(306,988)		(14,924)
Disposal of treasury stock		208,326	344/366	195,804
Total		72,486,015		72,765,557

(note a) The Company retired treasury stocks which were acquired on two different dates during the year ended December 31, 2006, and weighted

number of shares was calculated considering each transaction date.

(note b) Treasury stocks were used to settle the conversion of the convertible bonds on several different dates during the year ended December 31, 2006, and weighted number of shares was calculated considering each transaction date.

(note c) The Company acquired treasury stocks on many different dates for the years ended December 31, 2007 and 2008, and weighted number of shares was calculated considering each transaction date.

(note d) Treasury stocks were used to settle the conversion of the convertible bonds on several different dates during the

year ended
December 31,
2007, and
weighted
number of
shares was
calculated
considering
each transaction
date.

Table of Contents

Diluted net income from continuing operation per share and diluted net income per share amounts for the years ended December 31, 2006, 2007 and 2008 are computed as follows (In millions of Korean won, except for share data):

Diluted net income from continuing operation per share

	2006	2007	2008
Adjusted net income from continuing operation attributable to the majority interests	₩ 1,464,768	₩ 1,694,171	₩ 1,208,332
Adjusted weighted average number of common shares outstanding	75,025,926	74,263,655	74,090,301
Net income per share	₩ 19,523	₩ 22,813	₩ 16,309

Diluted net income per share

	2006	2007	2008
Adjusted net income attributable to the majority interest	₩ 1,464,768	₩ 1,661,678	₩ 1,226,869
Adjusted weighted average number of common shares outstanding	75,025,926	74,263,655	74,090,301
Diluted net income per share	₩ 19,523	₩ 22,375	₩ 16,559

The numerator and denominator of basic and diluted income per share for the years ended December 31, 2006, 2007 and 2008 are as follows:

Diluted net income per share

	Net income (in millions of Korean won)	Average weighted number of shares	Per-share amount (in Korean won)
For 2006			
Basic net income per share	₩ 1,451,491	73,305,026	₩ 19,801
Effect of stock option (note a)			
Effect of convertible bonds (note b)	13,277	1,720,900	
Diluted net income per share	₩ 1,464,768	75,025,926	₩ 19,523

For 2007

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Basic net income per share	₩ 1,648,876	72,650,909	₩ 22,696
Effect of stock option (note a)			
Effect of convertible bonds (note b)	12,802	1,612,746	
Diluted net income per share	₩ 1,661,678	74,263,655	₩ 22,375

Table of Contents

	Net income (in millions of Korean won)	Average weighted number of shares	Per-share amount (in Korean won)
For 2008			
Basic net income per share	₩ 1,215,719	72,765,557	₩ 16,707
Effect of stock option (note a)			
Effect of convertible bonds (note b)	11,150	1,324,744	
Diluted net income per share	₩ 1,226,869	74,090,301	₩ 16,559

(note a) For the years ended December 31, 2006, 2007 and 2008, the outstanding stock options did not have a dilutive effect because the exercise price exceeded the average market price of common stock for the years ended December 31, 2006, 2007 and 2008, respectively.

(note b) The effect of convertible bonds is increase in net income related to interest expenses that would not have 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 were
 made at the
 beginning of the
 period.

Net income from discontinued operation per share for the years ended December, 31, 2006, 2007 and 2008 are computed as follows (In Korean won):

	2006	2007	2008
Net income(loss) attributable to the majority interest	₩	₩ (447)	₩ 254

Table of Contents**20. DIVIDEND DISCLOSURE**

Details of dividends which were declared for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won, except for share data):

Fiscal year	Dividend type	Number of shares outstanding	Face value	Dividend ratio	Dividends
2006	Cash dividends (interim)	73,713,657	₩500	200%	₩ 73,714
	Cash dividends (year-end)	72,667,459	₩500	1,400%	508,672
	Total				₩582,386
2007	Cash dividends (interim)	72,667,459	₩500	200%	₩ 72,668
	Cash dividends (year-end)	72,584,677	₩500	1,680%	609,711
	Total				₩682,379
2008	Cash dividends (interim)	72,793,003	₩500	200%	₩ 72,793
	Cash dividends (year-end)	72,524,203	₩500	1,680%	609,203
	Total				₩681,996

Dividends payout ratios for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won and %):

	2006	2007	2008
Dividends	₩ 582,386	₩ 682,379	₩ 681,996
Net income attributable to the majority interest	1,451,491	1,648,876	1,215,719
Dividends payout ratio	40.12%	41.38%	56.10%

Dividends yield ratios for the years ended December 31, 2006, 2007 and 2008 are as follows (In Korean won and %):

	2006	2007	2008
Dividend per share	₩ 8,000	₩ 9,400	₩ 9,400
Stock price at the year-end	222,500	249,000	209,000
Dividends yield ratio	3.60%	3.78%	4.49%

Table of Contents

21. RESTRICTED DEPOSITS

- a. At December 31, 2008, the Company has guarantee deposits restricted for their checking accounts totaling ₩75 million, and deposits restricted for charitable trust for the benefit of the public amounting to ₩10,000 million of which maturity is February 8, 2009.
- b. At December 31, 2008, certain short-term and long-term bank deposits totaling ₩112,658 million are secured for payment guarantee of short-term borrowings, accounts payable, operating lease and other.

22. COMMITMENTS AND CONTINGENCIES

- a. SK Broadband Co., Ltd., a subsidiary of the Company, agreed to provide guarantees for loans of Broadband Media Co., Ltd. For the guarantee, SK Broadband Co., Ltd. has provided its properties as collaterals of ₩52,000 million to Korea Exchange Bank, ₩52,000 million to Woori Bank, ₩26,000 million to ABN AMRO Bank, ₩39,000 million to Kookmin Bank and ₩26,000 million to Korean Federation of Community Credit Cooperatives, respectively, and its short-term financial instruments as collaterals of ₩11,200 million to Korean Federation of Community Credit Cooperatives, respectively, ₩15,000 million to Hana Bank, ₩10,000 million to Nonghyup Agricultural Cooperative Federation, ₩35,000 million to Korea Exchange Bank, ₩20,000 million to Kookmin Bank, and ₩10,000 million to Woori Bank, respectively, as of December 31, 2008.

SK Broadband Co., Ltd. has provided guarantees for loans of Broadband CS Co., Ltd., Broadband Seoul CS Co., Ltd., Broadband Metropolitan CS Co., Ltd., Broadband Gwangju CS Co., Ltd., and Broadband Busan CS Co., Ltd. For the guarantee, the Company has provided its properties as collaterals of ₩32,500 million to Kookmin Bank as of December 31, 2008.

SK Broadband Co., Ltd. s board of directors resolved to provide its time deposit up to ₩20,000 million as collateral in order to encourage members of Employee Stock Purchase Association (ESPA) to contribute money to the ESPA, which will be used to purchase the Company s shares in the market. In accordance with such resolution, the Company has pledged its time deposit of ₩8,565 million as of December 31, 2008

In addition, SK Broadband Co., Ltd. has provided its buildings as mortgage of ₩26,300 million for leasing of office.

- b. Broadband CS Co., Ltd., a subsidiary of the Company, has provided guarantees for loans of Broadband Seoul CS Co., Ltd., Broadband Metropolitan CS Co., Ltd., Broadband Gwangju CS Co., Ltd., and Broadband Busan CS Co., Ltd. For the guarantee, Broadband CS Co., Ltd. has provided its properties as collaterals of ₩6,500 million to Kookmin Bank as of December 31, 2008
- c. CU Media Inc., a subsidiary of the Company, has provided its land and building with carrying amount of ₩8,030 million and short-term financial instrument ₩1,053 million as collateral to Woori Bank for its short and long-term borrowings as of December 31, 2008. In addition, CU Media Inc., has provided to a blank note as collateral Hyosung Capital Co., Ltd. for its capital lease.

Table of Contents

- d. TU Media Corp., a subsidiary of the Company, has provided its broadcasting devices with carrying amount of ₩43,267 million as collateral to Korea Development Bank for its bond payables as of December 31, 2008. In addition, TU Media Corp., has provided its short-term financial instrument of ₩30 million as collateral to Hana Bank for the guarantee of wire transfer.
- e. Commerce Planet Co., Ltd., a subsidiary of the Company, has provided its short-term financial instrument of ₩20 million as collateral to LG Household and Healthcare, Ltd. for payment guarantee as of December 31, 2008.
- f. PAXNet Co., Ltd., a subsidiary of the Company, has provided its short-term financial instrument of ₩1,400 million as collateral to Korea Investment Mutual Savings Bank in connection with its security-backed loan business as of December 31, 2008.
- g. Broadband D&M Co., Ltd. has provided its buildings as mortgage of ₩1,791 million for leasing of office as of December 31, 2008. In addition, note receivables indorsed by Broadband D&M Co., Ltd., which has not matured as of December 31, 2008, totaled ₩1,087 million.
- h. One hundred and one notes received before May 13, 1999 have been misplaced as of December 31, 2008 by IHQ, Inc., a subsidiary of the Company, and it is in the process of obtaining a court judgment to void the misplaced notes.
- i. As of December 31, 2008, customers of SK Broadband Co., Ltd. filed a lawsuit of ₩23,031 million against SK Broadband Co., Ltd. for violating customers' privacy. The ultimate outcome of the lawsuit cannot presently be determined.

23. INSURANCE

At December 31, 2008, certain of the Company's assets are insured with local insurance companies as follows (In millions of Korean won and thousands of U.S. dollars):

Asset	Risk	Book value	Coverage
Inventories and property and equipment	Fire and comprehensive liability	₩ 5,647,251	US\$ 56,115 ₩ 9,502,686

Table of Contents**24. TRANSACTIONS WITH AFFILIATED COMPANIES**

Significant related party transactions for the years ended December 31, 2006, 2007 and 2008, and account balances as of December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

Description	2006	2007	2008
Transactions			
SK Corporation :			
Purchases of property and equipment	₩ 2,158	₩	₩
Commissions paid and other expense	40,694		177
Commission income and other income	13,877	829	313
SK Energy Co., Ltd. :			
Purchases of property and equipment			3,001
Commissions paid and other expense		30,281	17,895
Commission income and other income		17,250	8,898
SK Engineering & Construction Co., Ltd. :			
Purchases of property and equipment	235,872	307,702	256,548
Commissions paid and other expense	7,086	16,147	17,025
Commission income and other income	2,385	2,908	2,705
SK Networks Co., Ltd. :			
Purchases of property and equipment	9,249	39,415	28,972
Commissions paid, leased line and other expense	490,437	710,228	753,036
Sales of handsets and other income	11,897	15,754	32,052
SK Telesys Co., Ltd. :			
Purchases of property and equipment	231,233	264,150	270,133
Commissions paid and other expenses	6,567	13,027	9,078
Commission income and other income	2,170	2,687	1,967
SKC :			
Commissions paid and other expenses	21	21	26
Commission income and other income	1,155	1,135	1,005
Innoace Co., Ltd. :			
Purchases of property and equipment	23,986	23,694	27,153
Commissions paid and other expenses	7,447	9,839	9,389
Commission income and other income	218	242	269
SK C&C Co., Ltd. :			
Purchases of property and equipment	215,820	205,677	232,238
Commissions paid and other expenses	287,647	251,401	273,279
Commission income and other income	8,795	9,470	12,681
SK Networks Service :			
Commissions paid and other expenses			20,599
WALKERHILL Inc. :			
Commissions paid and other expenses			17,881
Commission income and other income			983
OK Cashbag Service Co., Ltd. :			
Purchases of property and equipment			1,906
Commissions paid and other expenses			9,978
Commission income and other income			417
SK Mobile Energy., Ltd. :			

Purchases of property and equipment	4,167
Commission income and other income	23

Table of Contents

Description	2006	2007	2008
Infosec Co., Ltd. :			
Purchases of property and equipment			1,270
Commissions paid and other expenses			3,076
Commission income and other income			11
TU Media Corp. (note a) :			
Purchases of property and equipment	573		
Commissions paid and other expenses	1,798		
Commission income and other income	57,866		
AirCross Co., Ltd. :			
Commissions paid and other expenses	19,494		9,158
Commission income and other income	616		375
Pantech Co., Ltd. :			
Commissions paid and other expenses	400		
Commission income and other income	16,605		
Helio, Inc. & Helio, LLC :			
Commissions paid and other expenses	1,087		
Commission income and other income	18,243		
SK Marketing & Company Co., Ltd. :			
Commissions paid and other expenses			49,826
Commission income and other income			6,769
JYP Entertainment Corp. :			
Commissions paid and other expenses	1,010	1,248	3,655
Commission income and other income	108		84
SK China Company Ltd. :			
Commissions paid and other expenses			5,826
SK Telecom China Holdings Co., Ltd. :			
Commissions paid and other expenses		7,655	
SK USA, Inc. :			
Commissions paid and other expenses	2,303	2,617	3,032
CDMA Mobile Phone Center :			
Commission income and other income	7,643	16,564	20,627
WS Entertainment :			
Commissions paid and other expenses	295	1,081	
Commission income and other income	6		
Others :			
Commissions paid and other expenses		4,444	896
Commission income and other income	1,006		468
Balances			
SK Engineering & Construction Co., Ltd. :			
Accounts receivable trade and other	₩ 258	₩ 310	₩ 203
Accounts payable	1,635	8,870	1,164
Guarantee deposits received	942	1,135	1,076
SK Networks Co., Ltd. :			
Accounts receivable trade and other	780	2,182	1,069
Guarantee deposits	113	113	330
Accounts payable	71,160	71,311	71,795

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Guarantee deposits received	3,123	3,432	3,963
SK Corporation :			
Accounts receivable trade and other	5,058	775	46
Guarantee deposits	291		
Accounts payable	7,999		
Guarantee deposits received	6,465		

Table of Contents

Description	2006	2007	2008
SK Energy Co., Ltd. :			
Accounts receivable trade and other		2,959	109
Guarantee deposits		134	
Accounts payable		4,404	3,548
Guarantee deposits received		248	
SK Telesys Co., Ltd. :			
Accounts receivable trade and other	34	31	486
Accounts payable	51,663	30,205	20,533
SKC :			
Accounts receivable trade and other	121	71	81
Innoace Co., Ltd. :			
Accounts receivable trade and other		26	10
Accounts payable	13,574	7,223	4,315
Guarantee deposits received	2,291	2,291	2,444
SK C&C Co., Ltd. :			
Accounts receivable trade and other		411	2,477
Guarantee deposits			140
Accounts payable	88,056	135,297	93,680
Guarantee deposits received	346	346	24
WALKERHILL Inc. :			
Accounts receivable trade and other			529
Guarantee deposits			900
Accounts payable			4,011
TU Media Corp. (note a) :			
Accounts payable	886		
Guarantee deposits received	3,016		
AirCross Co., Ltd. :			
Accounts receivable trade and other			57
Accounts payable	3,513		397
Guarantee deposits received	226		276
Pantech Co., Ltd. :			
Accounts payable	440		
ifilm Co.,Ltd. :			
Accounts receivable trade and other		5,724	
SK China Company Ltd. :			
Accounts payable			1,428
CDMA Mobile Phone Center :			
Accounts receivable trade and other	27,063	38,756	80,734
Accounts payable	67	65	87
SK Marketing & Company Co., Ltd. :			
Accounts receivable trade and other			1,704
Accounts payable			22,866
Guarantee deposits received			248
Others :			
Accounts receivable trade and other		1,255	830
Accounts payable	588	413	774
Guarantee deposits received			133

(note a) These companies were included in the consolidation from the year ended December 31, 2007 or 2008, accordingly transactions and balances with the Company are eliminated.

Table of Contents**25. 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 years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006 12 registered directors	2007 8 registered directors	2008 7 registered directors
Payee (including outside directors)			
Payroll	₩ 4,472	₩ 4,786	₩ 4,405
Severance indemnities	935	722	556
Total	₩ 5,407	₩ 5,508	₩ 4,961

In addition, on March 8, 2002, the Company granted stock options to its eight key members of the management, representing 15,110 shares at an exercise price of ₩267,000 per share. The stock options fully vested after three years from the date of grant and are exercisable for two years upon vesting. During the first quarter of 2007, the exercisable period elapsed and these stock options representing 15,110 shares have expired.

26. 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 as of December 31, 2006, 2007 and 2008 totaled ₩52,593 million, ₩27,668 million and ₩24,889 million 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 points for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Beginning balance	₩ 52,172	₩ 52,593	₩ 27,668
Increase (provision)	10,757	15,137	12,430
Decrease (used and reversal)	(10,336)	(40,062)	(15,209)
Ending Balance	₩ 52,593	₩ 27,668	₩ 24,889

Table of Contents

Points expire after 5 years; thus, all unused points are expired on their fifth anniversary. The expected year when unused points as of December 31, 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 year of the usage (note a)	Estimated amount to be paid In nominal value (note a)	Current value
2009	₩ 11,185	₩ 10,502
2010	7,307	6,442
2011	4,791	3,967
2012	3,156	2,453
2013	2,089	1,525
Ending balance	₩ 28,528	₩ 24,889

(note a) 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.(ab)]. Such provision was recorded as accrued expenses or other non-current liabilities in accordance with the expected points when the subsidies are paid. Details of change in the provision for handset subsidies for the year ended December 31, 2008 are as follows (In millions of Korean won):

	2008
Beginning balance	₩
Increase (Provision)	433,276
Decrease (subsidy payment)	(93,580)
Ending balance	₩ 339,696

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 December 31,	Estimated amount to be paid in nominal value	Current value
2009	₩ 294,937	₩ 286,441
2010	57,272	53,255
Ending balance	₩ 352,209	₩ 339,696

Table of Contents**27. 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 December 31, 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 ₩9,627 million (excluding tax effect totaling ₩3,256 million and foreign exchange translation loss arising from unguaranteed U.S. dollar denominated bonds totaling ₩32,460 million) was accounted for as accumulated other comprehensive loss.

In addition, the Company has entered into a fixed-to-fixed cross currency swap contract with DBS Bank and other six banks to hedge the foreign currency risk of U.S. dollar denominated bonds with face amounts totaling US\$500,000,000 at annual fixed interest rate of 7.0% issued on February 1, 2005. As of December 31, 2008, in connection with unsettled foreign currency swap contract to which the cash flow hedge accounting is applied, an accumulated gain on valuation of derivatives amounting to ₩17,077 million (excluding foreign exchange translation loss arising from U.S. dollar denominated bonds totaling ₩159,650 million) was accounted for as accumulated other comprehensive gain.

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 December 31, 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 ₩3,515 million (net of tax effect totaling ₩549 million and foreign exchange translation loss arising from U.S. dollar denominated long-term borrowings totaling ₩30,950 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 December 31, 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 ₩1,044 million (net of tax effect totaling ₩1,232 million and foreign exchange translation loss arising from unguaranteed Japanese yen denominated bonds totaling ₩70,168 million) was accounted for as accumulated other comprehensive income.

In addition, the Company has entered into a floating-to-fixed cross currency swap contract with DBS and Calyon bank to hedge the foreign currency risk and the interest rate risk of U.S. dollar denominated bonds with face amounts totaling US\$150,000,000 borrowed on November 20, 2008. As of December 31, 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 ₩3,565 million (net of tax effect totaling ₩1,006 million and foreign exchange translation gain arising from U.S. dollar denominated bonds totaling ₩28,518 million) was accounted for as accumulated other comprehensive income.

Table of Contents

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 December 31, 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 ₩3,686 million (net of tax effect totaling ₩1,040 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 December 31, 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 ₩22,443 million (net of tax effect totaling ₩6,330 million) was accounted for as accumulated other comprehensive income.

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 ₩190,359 million and ₩12,646 million for the years ended December 31, 2008 and 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 (contract amount: US\$100 million) 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 ₩31,361 million and loss on valuation of currency swap of ₩623 million for the year ended December 31, 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 ₩233,056 million and ₩7,316 million for the years ended December 31, 2008 and 2007, respectively, were charged to current operations.

Table of Contents

As of December 31, 2008, fair values of above derivatives recorded in assets or liabilities and details of derivative instruments 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	
Current assets:							
Fix-to-fixed cross currency swap	U.S. dollar denominated convertible bond	US\$ 100,000	May 27, 2004 ~ May 27, 2009	₩	₩	₩ 8,236	₩ 8,236
Non-current assets:							
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 300,000	Mar. 23, 2004 ~ Apr. 1, 2011	19,576			19,576
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 400,000	Jul. 20, 2007 ~ Jul. 20, 2017			240,372	240,372
Floating-to-fixed cross currency interest rate swap	Japanese yen denominated bonds	JPY 12,500,000	Nov. 13, 2007 ~ Nov. 13, 2012	69,981			69,981
Floating-to-fixed cross currency interest rate swap	U.S. dollar denominated long-term borrowings	US\$ 100,000	Oct. 10, 2006 ~ Oct. 10, 2013	26,886			26,886
Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$ 500,000	Feb. 1, 2005 ~ Feb. 1, 2012	137,896			137,896
Total assets				₩ 254,339	₩	₩ 248,608	₩ 502,947
Current liabilities:							
Fix-to-fixed cross currency swap	U.S. dollar denominated China	HK\$ 10,940,900	Sep. 11, 2008 ~ Sep. 16, 2009	₩	₩ 190,359	₩	₩ 190,359

Unicom
Equity
Securities**Non-current
liabilities:**

Fix-to-fixed cross currency swap	U.S. dollar denominated bonds	US\$	150,000	Nov 20, 2008 ~ Nov 20, 2010	23,947		23,947
Floating-to-fixed cross currency interest rate swap	Long-term borrowings	₩	500,000	July 28, 2008 ~ August 13, 2009	28,774		28,774
Floating-to-fixed Interest rate swap	Long-term floating rate discounted bill	₩	200,000	Jun. 29, 2006 ~ Jun. 29, 2010	4,725		4,725
Total liabilities					₩ 57,446	₩ 190,359	₩ 247,805

Table of Contents**28. MERGERS AND ACQUISITIONS**

a. Merger with Empas, Inc.

In order to maximize management synergy effect, enhance management effectiveness and corporate value, SK Communications Co., Ltd., a subsidiary of the Company, merged with Empas, Inc. on November 1, 2007 with the resolution of its board of directors of June 25, 2007.

Empas, Inc. issued new stocks to stockholders of SK Communications Co., Ltd. The exchange ratio of common stocks between SK Communications Co., Ltd. and Empas, Inc. was 1 to 3.5732182. While the legal acquirer was Empas, Inc. and the legal acquiree was SK Communications Co., Ltd., the merger was accounted for purchase method where SK Communications Co., Ltd., the legal acquiree, purchased Empas Corporation, the legal acquirer, as the former stockholders of SK Communications Co., Ltd. obtained the majority voting rights of the merging company. Details of the goodwill generated from the merger are as follows:

Description	In millions of Korean won
Fair value of acquired assets	₩ 101,613
Fair value of assumed liabilities	(56,872)
Convertible bond issued by the acquirer	44,850
Deferred tax asset on temporary differences	3,991
Fair value of net assets	₩ 93,582
Consideration for merger	
Fair value of stock issued	₩ 57,703
Carrying amount of equity method securities purchased prior to merger	30,101
Convertible bond issued by the acquirer prior to merger	44,850
Total	132,654
Goodwill	₩ 39,072

Table of Contents**29. CONSOLIDATED STATEMENTS OF CASH FLOWS**

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

Significant non-cash transactions for the years ended December 31, 2006, 2007 and 2008 are as follows (In millions of Korean won):

	2006	2007	2008
Conversion of convertible bonds	₩ 29,528	₩ 5,654	₩
Retirement of treasury stocks	209,077		
Write-offs of accounts receivable	90,780	67,313	37,079
Acquisition of property and equipment asset through financial lease contract			76,364
Transfer from inventory to property and equipment tangible assets			46,749
Acquisition of machinery by accounts payable			39,640
Increase in assets due to merger	10,196	101,613	
Increase in liabilities due to merger	9,851	56,872	
Increase (Decrease) in assets due to the change in consolidated subsidiaries	93,581	541,809	2,923,398
Increase (Decrease) in liabilities due to the change in consolidated subsidiaries	33,904	489,288	1,543,098

Cash and cash equivalents in the consolidated balance sheets is as follows (In millions of Korean won):

	2006	2007	2008
Cash and cash equivalents	₩ 485,972	₩ 885,988	₩ 1,011,467
Government subsidy		(141)	(127)
	₩ 485,972	₩ 885,847	₩ 1,011,340

30. SUBSEQUENT EVENT

a. Issuance of unguaranteed bonds

On January 22, 2009 the Company issued unguaranteed bonds with face amount of ₩40 billion and JPY 3 billion, respectively, in accordance with the resolution of board of directors dated October 23, 2008. The bonds bear an annual rate of 5.54% and 3-month Euro Yen Libor+2.50%, respectively, and will be repaid in full at their maturities, on January 22, 2016 and January 22, 2012, respectively.

In addition, on March 5, 2009, the Company issued unguaranteed bonds with face amount of ₩230 billion and JPY 5 billion, respectively, in accordance with the resolution of board of directors dated January 22, 2009. The bonds bear an annual rate of 5.92% and 3-month Euro Yen Tibor+2.50%, respectively, and will be repaid in full at their maturities, on March 5, 2016 and March 5, 2012, respectively.

b. Retirement of treasury stock.

In accordance with the resolution of board of directors dated October 23, 2008, the Company acquired 448,000 shares treasury stocks for ₩92,476 million from December 2, 2008 through January 7, 2009 and retired those stocks with the Company's retained earnings on January 9, 2009.

Table of Contents

c. Unguaranteed convertible bonds denominated in U.S dollar

The Company decided to issue convertible bonds with a maturity of April 7, 2014 in the principal amount of US\$332,528,000, to refund its outstanding convertible bonds of US\$229,160,000, which will mature at May 27, 2009, in accordance with the resolution of board of directors dated on March 13, 2009. The convertible bonds will bear annual interest rate of 1.75% and the conversion right could be exercised during the period from May 28, 2009 to March 24, 2014

31. SEGMENT INFORMATION

Through 2007, the Company had one reportable operating segment, cellular telephone communication service. In 2008, the Company acquired SK Broadband Co., Ltd., a fixed-line telephone service provider and included it in the consolidation. As a result, the Company has two operating segments, cellular telephone communication services and fixed-line telecommunication service from 2008. Cellular telephone communication services include cellular voice service, wireless data service and wireless internet services. Fixed-line telecommunication services include telephone services, internet services, and leased line services. Internet portal services and game manufacturing, etc. are included in other segment.

Details of each segment for the years ended 2008 are as follows (in millions of Korean won):

	Cellular telephone telecommunication service	Fixed-line telecommunication service	Other	Sub-total	Consolidating adjustments	Consolidated amount
Total sales	11,674,662	2,132,455	847,397	14,654,514	(633,530)	14,020,984
Internal sales	127,301	59,753	446,476	633,530	(633,530)	
Net sales	11,547,361	2,072,702	400,921	14,020,984		14,020,984
Operating income	2,256,613	99,359	(603,504)	1,752,468		1,752,468
Property and equipment and intangible assets	7,639,806	3,148,683	627,345	11,415,834		11,415,834
Depreciation	1,943,422	535,169	280,685	2,759,276		2,759,276

Table of Contents

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: April 23, 2009