

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

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

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

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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.

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I. OVERVIEW

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Business Objectives

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3. New media business
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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

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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.

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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 |

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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.

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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.

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(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 |
| | Preferred share | | |
| Stock dividend yield ratio (%) | Common share | | |
| | Preferred share | | |
| Cash dividend per share | Common share | 9,400 | 9,400 |
| | Preferred share | | 8,000 |
| 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 |

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* 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 | Major trademarks | (Unit: in millions of Won, %) 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

| | Item | 2008 | 2007 | (Unit: Won) 2006 |
|--|-------------------------------------|-------------|-------------|----------------------------|
| Mobile phone (Based on standard call charge) | 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 | 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

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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

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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

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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 | | | | | | |

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(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 | | | | | |

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(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.

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(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.

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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 |

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Deloitte Anjin LLC

**Year ended December 31,
2007**

Deloitte Anjin LLC

2006

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**

(Unit: in thousands of Won)

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

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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 |

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V. MANAGEMENT STRUCTURE

1. Summary of Management Structure

A. Board of Directors

(1) Authority of the Board of Directors

- a) Authority of the board of directors under Article 7 of the Regulations of the Board of Directors
 - Convocation of shareholders meeting and submission of agenda

Prior approval of financial statements

Decisions on issuance of new shares

Long-term borrowings, issuance of corporate bonds and redemptions

Capital transfer of reserves

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

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

Results for the six months ended June 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 |

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| 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 |

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| 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

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Table of Contentsb) Compensation Review Committee
Organization

(As of December 31, 2008)

| Number of Persons | Executive Directors | Members | | | | | | |
|---|--|--|---------------------------------|----------------------------------|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | | Independent non-executive Directors | | | | | | |
| 5 persons | | 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 | | | | | | | | |
| | | | Y.W. Kim (100%)* | D.S. Shim (100%)* | H.J. Lim (100%)* | R.Y. Uhm (100%)* | J.Y. Chung (100%)* | J.H. Cho (100%)* |
| Date | Details | Approval | Vote | | | | | |
| 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 | Executive Directors | Members | |
|---|----------------------------|---|--|
| | | Independent non-executive Directors | |
| 5 persons | Young Ho Park, Sung Min Ha | 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.

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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.

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- 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 | |

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| 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

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| 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 | | Approved as proposed | |

| | |
|--|-------------------------|
| 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 |

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| 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 |

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(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 E&C | SK Shipping |
|--------------------------|---------------------------|----------------------|------------------------|-----------------------|-------------------------|------------|-----------------------|------------------------|
| | SK Corporation | SK Energy | SK Networks | SK Telecom | SK Chemicals | SKC | | |
| 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 | | | | | | | | |

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(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% |

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| | Invested companies | | | | | | | |
|---------------------------------------|--------------------|--------------------|-----------------------|----------------|---------------|---------------|-------------------|---------------------|
| Investing 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% |

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

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| | 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 | SK SKC | SK SKC | SK SKC | SK SKC | SK SKC | SK SKC |
| 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 | | | | | | | | |

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| | Invested companies | | | | | | | |
|-----------------------------------|---------------------------|----------------------|--------------------|---------------------------|------------------|-------------------|--------------------|--------------------|
| | SK | Loen | SK | SK Mobile | SKC Media | iHQ | CU | |
| Investing companies | CTA | Entertainment | Independent | Petrochemical | Energy | | | |
| Broadband D&M | | | | | | | | Media |
| 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 Co. | NTREEV Soft | SK I-Media | SK Communication | Ecogreen | I Platform | SKC Air Gas | SKN Service |
| Investing companies | | | | | | | | |
| 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% |

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| 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 | | | | | | | | |

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| 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 | | | | | | | | |

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| 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 | | | | |

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| | Invested companies | | | |
|---------------------------------------|---------------------------|----------------------------|--------------------------|--------------|
| | Jeju United FC | Cross M Insight | 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% |

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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

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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 | |

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(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 | | |

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* 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 | |

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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)

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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,

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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.

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Forward-Looking Statement Disclaimer

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

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

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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.

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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.

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**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)

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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.

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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)

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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 |

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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 |

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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.

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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)

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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) |

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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.

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**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.

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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 | |

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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.

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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.

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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.

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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.

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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 loss.

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.

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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.

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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.

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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.

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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.

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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.

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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 |
|-------------------|-------------|-------------|-------------|

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 |

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(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 |

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| | 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 |

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| | 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 2,463 | 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 |

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(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.

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(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)