

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

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

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

**SK Telecom Co., Ltd.**

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

11, Euljiro2-ga, Jung-gu  
Seoul 100-999, Korea

*(Address of principal executive offices)*

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

Form 20-F

Form 40-F

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

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

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

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

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

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

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BUSINESS REPORT

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

THIS IS A SUMMARY OF THE QUARTERLY REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SERVICES COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A NON-CONSOLIDATED BASIS IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN KOREA, OR KOREAN GAAP, WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

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**I. OVERVIEW**

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

**Business Objectives**

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

**2. Company History**

**A. Changes Since Incorporation**

(1) Date of Incorporation

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

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

(2) Location of Headquarters

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

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

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

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

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

**B. Mergers**

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

Date: January 13, 2002

Registration: January 16, 2002

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

Date: May 1, 2003

Registration: May 7, 2003

C. Significant Recent Business Events

(1) Retirement of treasury stock

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

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## (2) Issuance of unguaranteed bonds

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

**3. Information Regarding Shares**

## A. Total number of shares

(As of September 30, 2008)

(Unit: shares)

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

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## B. Capital Stock and Price per Share

|                               |                          | Capital (total face value)                      |                                     |  | Price per share              |  |   |
|-------------------------------|--------------------------|---|-------------------------------------|--|------------------------------|--|---|
|                               |                          | Capital amount<br>in<br>financial<br>statements | Total<br>number of issued<br>shares | Total amount of<br>distributed<br>shares | Par<br>value<br>per<br>share | Capital/<br>Total<br>number<br>of<br>issued<br>shares<br>(a / IV of<br>A.) | Capital/<br>Number of<br>distributed<br>shares<br>(a / VI of<br>A.) |
| (As of September 30,<br>2008) |                          |   |                                     |  |                              | (Unit:<br>Won,<br>shares)  |   |
| <b>Classification</b>         | <b>Type</b>              | <b>(a)</b>                                      | <b>(IV of A×b)</b>                  | <b>(VI of A×b )</b>                      | <b>(b)</b>                   |  |   |
| <b>Registered</b>             | <b>Common<br/>shares</b> | 44,639,473,000                                  | 40,596,855,500                      | 36,396,501,500                           | 500                          | 549.8  | 613.2   |
| <b>Total</b>                  |                          | 44,639,473,000                                  | 40,596,855,500                      | 36,396,501,500                           | 500                          | 549.8  | 613.2   |

## C. Acquisition and Disposition of Treasury Shares

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

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

Notes:



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

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## D. Employee Stock Ownership Program

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

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

(Unit: in thousands of Won)

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

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

(As of September 30, 2008)

(Unit: in thousands of Won)

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

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

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

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

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

(Unit: shares)

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

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

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

(As of September 30, 2008)

(Unit: shares)

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

**5. Dividends and Others**

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

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

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

| Classification           | As of and for<br>the<br>six months<br>ended<br>September 30,<br>2008 | As of and for the<br>year ended<br>December 31,<br>2007 | As of and for the<br>year ended<br>December 31,<br>2006 |
|--------------------------|--|---|---|
|                          |  |   |   |
| Stock dividend per share |  |   |   |

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

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

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

**(2) Industry Growth**

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

(Unit: 1,000 persons)

(Data: Ministry of Information and Communication website)

**(3) Market Characteristics**

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

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## B. Company Status

## (1) Market Share

\* Historical market share of the Company

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

(Unit: %)

\* Comparative market share

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

(Unit: %)

(Data: Ministry of Information and Communication website)

(2) New Business Contents and Prospects

N/A

**2. Major Products**

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

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

B. Price Trend of Major Products

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

(Unit: Won)

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

## A. Investments in Progress

(Unit: in 100 millions of Won)

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

## B. Future Investment Plan

(Unit: in 100 millions of Won)

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

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

**4. Derivative Products and Others**

## A. Derivatives Contracts

## (1) FX Swap

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

b) Contract Terms

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

(As of September 30, 2008)

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

(Unit: in millions of Won)

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

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(Unit: in millions of Won)

(As of September 30, 2008)

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

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

(Unit: in millions of Won)

(As of September 30, 2008)

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

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

(Unit: in millions of Won)

(As of September 30, 2008)

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

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

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

(As of June 30, 2008)

(Unit: in millions of Won)

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

**5. R&D Investments**

(Unit: in thousands of Won)

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

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

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

## A. External Fund Procurement Summary

\* Domestic procurement

(Unit: in millions of Won)

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

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\* Overseas procurement

(Unit: in millions of Won)

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

## B. Credit Ratings

## (1) Corporate Bonds

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

|                  |                   |     |  |                   |
|------------------|-------------------|-----|--|-------------------|
| November 5, 2007 | Corporate<br>bond | AAA | National Information on Credit Evaluation,<br>Inc. | Current valuation |
|                  | Corporate<br>bond |     | Korea Investors Service, Inc.                      |                   |
|                  |                   |     | 14   |                   |

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

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

(2) Commercial Paper ( CP )

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

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





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(3) International Credit Ratings

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

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

## 1. Summary Financial Statements (Non Consolidated)

(Unit: in millions of Won)

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

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

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

|   |   |   |   |
|---|---|---|---|
| <b>Nine months ended<br/>September 30, 2008</b><br>Deloitte Anjin LLC | <b>Year ended December<br/>31, 2007</b><br>Deloitte Anjin LLC | <b>Year ended December<br/>31, 2006</b><br>Deloitte Anjin LLC | <b>Year ended December<br/>31, 2005</b><br>Deloitte Anjin LLC |
|---|---|---|---|

**2. Audit Opinion**

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

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

(Unit: in thousands of Won)

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

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

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

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**V. MANAGEMENT STRUCTURE**

**1. Summary of Management Structure**

A. Board of Directors

(1) Authority of the Board of Directors

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

Convocation of shareholders meeting and submission of agenda

Prior approval of financial statements

Decisions on issuance of new shares

Long-term borrowings, issuance of corporate bonds and redemptions

Capital transfer of reserves

Election of CEO and representatives

Appointment of executive directors

Establishment, transfer or closure of branches

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

Annual business plan and budgeting

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

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

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

Establishment of subsidiaries

Guarantees of Won 50 billion or greater

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

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

Enactment of and amendment to the Internal Trading Procedures

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

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

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

Results for the six months ended June 30 of each year

Execution of investments between Won 5 billion and Won 50 billion

New investments and joint ventures under Won 50 billion

Acquisition of non-operational fixed assets

Disposition of fixed assets of Won 50 billion or above

Matters related to guarantees of under Won 50 billion

Internal trading not subject to approval by the Board of Directors

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

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

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

b) There was no nomination by the shareholders.

(3) Significant Activities of the Board of Directors

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

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



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

|                          |                           |  |  |
|--------------------------|---------------------------|--|--|
| <b>Number of Persons</b> | <b>Company Directors</b>  | <b>Members</b>                             |  |
| 4                        | Shin Bae Kim, Sung Min Ha | <b>Independent Non-executive Directors</b> |  |
|                          |                           | Rak Yong Uhm, Jae Ho Cho                   |  |

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

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

\* Participation Rate for the Board of Directors Meetings

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

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

|                          |                          |  |  |
|--------------------------|--------------------------|--|--|
| <b>Number of Persons</b> | <b>Company Directors</b> | <b>Members</b>                             |  |
|                          |                          | <b>Independent Non-executive Directors</b> |  |

5 persons

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

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

Activities

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

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

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

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

the resolution of  
the Board of  
Directors.

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

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

**B. Audit System**

(1) Establishment and Organization of the Audit Committee

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

(2) Authority of the Audit Committee

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

(3) Members of the Audit Committee

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

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## (4) Major Activities of the Audit Committee

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

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

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## C. Exercise of Voting Rights by the Shareholders

## (1) Use of the Cumulative Voting System

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

## b) Articles of Incorporation

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

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

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

N/A

## (3) Minority Shareholder Rights

N/A

## D. Compensation of Officers and Others

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

(Unit: in millions of Won)

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

## (2) Granting and Exercise of Stock Options

N/A



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

(Unit: shares, %)

(As of September 30, 2008)

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

Largest shareholder: SK Corporation

Number of related parties: 4 persons

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

(As of June 30, 2008)

(Unit: shares, %)

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

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

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

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

(Unit: Won, shares)

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

**B. Overseas Securities Market**

## New York Stock Exchange

(Unit: US\$, ADRs)

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

**VII. EMPLOYEES**

(As of September 30, 2008)

(Unit: persons, in millions of Won)

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

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

(As of September 30, 2008)

(Unit: in millions of Won)

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

**B. Equity Investments**

(As of September 30, 2008)

(Unit: in millions of Won)

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

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

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

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

\* Agents

(Unit: in millions of Won)

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

\* Overseas investment companies

(Unit: in millions of Won)

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

B. Equity Investments

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(Unit: in millions of Won)

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

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

| Date of Disclosure | Title   | Report   | Reports status  |
|--------------------|---|--|---|
| October 26, 2001   | Resolution on trust agreement for the acquisition of treasury shares and others | 1. Signatories: Shinhan Bank, Hana Bank, Cho Heung Bank, Korea Exchange Bank<br>2. Contract amount: Won 1,300 billion<br>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).<br>2. On September 24, 2004, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.<br>3. On October 16, 2007, the Board of Directors extended the term of the specified monetary trust agreement for 3 years.<br>4. As of December 31, 2007, the balance of specified monetary trust for treasury shares was Won 982 billion. |

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

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

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

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



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

*NON-CONSOLIDATED FINANCIAL STATEMENTS*

*FOR THE THREE MONTHS AND NINE MONTHS*

*ENDED SEPTEMBER 30, 2008 AND 2007*

*AND INDEPENDENT ACCOUNTANTS' REVIEW REPORT*

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**Independent Accountants' Review Report**

English Translation of a Report Originally Issued in Korean

To the Stockholders and Board of Directors of

SK Telecom Co., Ltd.

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

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

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

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

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

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

October 24, 2008

**Notice to Readers**

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

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

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

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

(Continued)

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

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

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

See accompanying notes to non-consolidated financial statements.

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

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



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

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

(Continued)

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

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

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

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

See accompanying notes to non-consolidated financial statements.



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

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

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

(Continued)

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

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



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

See accompanying notes to non-consolidated financial statements.

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**SK TELECOM CO., LTD.  
NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2008 AND 2007**

**1. GENERAL**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**a. Basis of Presentation**

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

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

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

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

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

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

c. Inventories

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

d. Handset Subsidies

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

e. Valuation of Long-term Accounts Receivable Other

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

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## e. Long-term Accounts Receivable Other

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

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

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

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

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

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

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

**b. Long-term Investment Securities**

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

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

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

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

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

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

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



equity securities.

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

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

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

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

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

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

equity method of accounting prior to the reclassification.

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

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

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

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

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

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

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

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

| Maturity        | September 30,<br>2008 | December 31,<br>2007 |
|-----------------|-----------------------|----------------------|
| Within one year | ₩ 19,986              | ₩ 49,713             |



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

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

| Maturity          | September 30,<br>2008 | December 31,<br>2007 |
|-------------------|-----------------------|----------------------|
| Within five years | ₩                     | ₩ 359,389            |

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

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

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

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





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

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

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

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

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

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

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

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

|                 |                 | For the nine months ended September 30, 2008 |             |                             |   |                 |                   |                           | Ending balance |
|-----------------|-----------------|--|-------------|-----------------------------|---|-----------------|-------------------|---------------------------|----------------|
|                 |                 | Beginning balance                            | Acquisition | Equity in earnings (losses) | Equity in capital surplus and capital adjustments | Capital Surplus | Dividend received | Other increase (decrease) |                |
| Broadband       |                 |  |             |                             |   |                 |                   |                           |                |
| Co., Ltd.       |                 |  |             |                             |   |                 |                   |                           |                |
| Merely          |                 |  |             |                             |   |                 |                   |                           |                |
| SK Telecom      |                 |  |             |                             |   |                 |                   |                           |                |
| (Incorporated)  | (Notes a and d) | ₩  | ₩ 1,093,104 | (₩31,964)                   | ₩ 3,473   | ₩               | ₩                 | ₩ 116,525                 | ₩ 1,181,118    |
| Communications  |                 |  |             |                             |   |                 |                   |                           |                |
| Co., Ltd.       | (Note a)        | 149,850                                      |             | (5,991)                     | 8,864   |                 |                   |                           | 152,713        |
| Link Co.,       | (Notes a and c) | 97,136                                       |             | 17,905                      | (60)  |                 | (5,947)           |                           | 109,094        |
| Marketing &     |                 |  |             |                             |   |                 |                   |                           |                |
| Company Co.     | (Note a)        |  | 190,000     | 6,226                       | (93,878)  |                 |                   |                           | 102,348        |
| Gyverns         |                 |  |             |                             |   |                 |                   |                           |                |
| Ball Club       |                 |  |             |                             |   |                 |                   |                           |                |
| Co., Ltd.       | (Note b)        |  |             | (989)                       |   |                 |                   |                           |                |
| Co., Ltd.       | (Notes a and c) | 30,237                                       |             | (111)                       | 406   |                 | (447)             |                           | 30,115         |
| Global Credit & |                 |  |             |                             |   |                 |                   |                           |                |
| Investment Co., | (Note b)        | 3,851  |             | (31)                        |   |                 |                   |                           | 3,820          |
| Media Corp.     | (Notes a and h) | 5,527  | 55,000      | (12,467)                    |   | (30,642)        |                   |                           | 17,418         |
| Cross Co.,      | (Note b)        | 5,967  |             | (939)                       | (18)  |                 |                   |                           | 5,025          |
| Inc.            | (Note a)        | 38,911                                       |             | (8,657)                     | (402)   |                 |                   |                           | 29,862         |
| Soft Co.,       | (Note a)        | 13,221                                       |             | (4,418)                     | 138   |                 |                   |                           | 8,941          |
| Club            | (Notes b and e) | 1,733  |             |                             |   |                 |                   | (1,733)                   |                |
| Commerce Planet |                 |  |             |                             |   |                 |                   |                           |                |
| Co., Ltd.       | (Notes b and e) | 6,266  |             | (419)                       |   |                 |                   | 1,733                     | 7,580          |
| Entertainment,  |                 |  |             |                             |   |                 |                   |                           |                |
| Merely Seoul    |                 |  |             |                             |   |                 |                   |                           |                |
| Media, Inc.)    | (Note a)        | 21,415                                       |             | 562                         | (2,735)   |                 |                   |                           | 19,242         |
| Info Tech,      | (note b)        | 1,118  |             | (263)                       |   |                 |                   |                           | 855            |
| Mobile          | (Notes b and g) | 3,272  | 2,004       |                             |   |                 |                   | (3,166)                   | 2,110          |
| Vietnam         |                 |  |             |                             |   |                 |                   |                           |                |
| Co., Ltd.       | (Notes a and h) | 101,412                                      |             | (14,635)                    | 24,339  | (71)            |                   |                           | 111,045        |

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



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

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

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|   | For the nine months ended September 30, 2007 |             |                             |   |                 |                   |                           |                |
|---|--|-------------|-----------------------------|---|-----------------|-------------------|---------------------------|----------------|
|   | Beginning balance                            | Acquisition | Equity in earnings (losses) | Equity in capital surplus and adjustments | Capital Surplus | Dividend received | Other increase (decrease) | Ending balance |
| SK Telecom Co., Ltd.                              | ₩ 167,736                                    | ₩           | (₩21,630)                   | ₩ 21,011                                  | ₩               | ₩                 | ₩                         | ₩ 167,117      |
| SK Telecom Co., Ltd.                              | 86,284                                       |             | 9,454                       | (198)                                     |                 | (4,493)           |                           | 91,047         |
| SK C&C Co., Ltd.                                  | 272,554                                      |             | 253,111                     | 4,391                                     |                 | (1,260)           |                           | 528,796        |
| SK TIC Ventures Co., Ltd. (Note a)                | 8,651  |             | (40)                        | (239)                                     |                 |                   | (8,372)                   |                |
| SK Taxnet Co., Ltd.                               | 30,807                                       |             | 107                         | 6   |                 | (727)             |                           | 30,193         |
| SK Global Credit & Information Co., Ltd. (Note a) | 3,704  |             | (31)                        |   |                 |                   |                           | 3,673          |
| SK U Media Corp.                                  | 7,016  | 32,368      | (17,434)                    | (36)                                      |                 |                   | 334                       | 22,248         |
| SK Aircross Co., Ltd. (Note a)                    | 1,713  | 2,140       | (235)                       |   |                 |                   |                           | 3,618          |
| SK HQ, Inc.                                       | 38,938                                       | 10,000      | (7,894)                     | 5,850                                     | (4,803)         |                   | (2)                       | 42,089         |
| SK Treev Soft Co., Ltd.                           |  | 33,120      | 1,593                       | (1,638)                                   | (5,188)         |                   | (15,400)                  | 12,487         |
| SK Maba Club (Note a)                             |  | 3,970       | (245)                       |   |                 |                   | (1,994)                   | 1,731          |
| SK Commerce Planet Co., Ltd. (Note a)             |  | 10,373      | (431)                       |   |                 |                   | (4,098)                   | 5,844          |
| SK Doen Entertainment, Inc.                       |  |             |                             |   |                 |                   |                           |                |
| SK (formerly Seoul Records, Inc.)                 | 25,995                                       |             | (2,984)                     | (270)                                     |                 |                   |                           | 22,741         |
| SK Carex Info Tech, Inc. (Note a)                 | 1,835  |             | (293)                       |   |                 |                   |                           | 1,542          |
| SK Mobile   | 4,643  |             | (956)                       | 106                                       |                 |                   |                           | 3,793          |
| SK KT Vietnam TE Ltd.                             | 118,100                                      |             | (11,136)                    | (1,012)                                   |                 |                   |                           | 105,952        |
| SK Kytel Co., Ltd. (Note a)                       | 6,009  |             | 170                         | (356)                                     |                 | (654)             |                           | 5,169          |
| SK China Company Ltd. (Note a)                    | 93   |             | (112)                       | 19  |                 |                   |                           |                |
| SK Telecom China Co., Ltd. (Note a)               | 6,536  |             | (24)                        |   |                 |                   |                           | 6,512          |
| SK Land Company Limited.                          | 6,761  |             | (2,565)                     | 289                                       |                 |                   |                           | 4,485          |
| SK Telecom SA Holdings,                           | 77,786                                       | 73,536      | (105,142)                   | (101)                                     |                 |                   |                           | 46,079         |

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

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

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

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

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

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

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

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

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

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

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

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

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

**5. LOANS TO EMPLOYEES**

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

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

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



**Table of Contents****6. PROPERTY AND EQUIPMENT**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**9. LONG-TERM BORROWINGS**

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

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



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

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

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

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

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

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

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

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

**11. LEASES**

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

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

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

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

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

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

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

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

**13. CAPITAL STOCK AND CAPITAL SURPLUS**

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

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

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

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

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

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

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

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

a. Legal Reserve

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

b. Reserve for Improvement of Financial Structure

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

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

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

d. Reserve for Business Expansion and Technology Development

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

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

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

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

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



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

## a. Details of income tax expense

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

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

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

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

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

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

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

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

For the nine months ended September 30, 2008

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

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

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

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

For the nine months ended September 30, 2007

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

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

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

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

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

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

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

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

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

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

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

For the three and nine months ended September 30, 2008

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

For the three and nine months ended September 30, 2007

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



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

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

Net income and ordinary income per share

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

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

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

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

Total

72,793,003

72,776,276

81

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

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

Diluted net income and ordinary income per share

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

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

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

|  | For the<br>three months ended |           | For the<br>nine months ended |           |
|--|-------------------------------|-----------|------------------------------|-----------|
|  | September                     | September | September                    | September |

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

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

**19. RESTRICTED CASH AND CASH EQUIVALENTS**

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

**20. INTERIM DIVIDENDS**

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

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

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

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

**21. INSURANCE**

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

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

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

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

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

**a. Holding company and subsidiaries**

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

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

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

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

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

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

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

**b-(1) Transactions**

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



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|   |        |         |       |         |         |        |
|---|--------|---------|-------|---------|---------|--------|
| SK Engineering & Construction Co., Ltd. | 57,321 | 4,449   | 766   | 106,961 | 7,072   | 2,057  |
| SK Networks Co., Ltd.                   | 476    | 162,817 | 5,490 | 2,931   | 560,217 | 12,449 |
| Innoace Co., Ltd.                       | 4,226  | 2,038   | 51    | 6,289   | 5,591   | 146    |
| SK Telesys Co., Ltd.                    | 45,321 | 2,188   | 65    | 108,979 | 4,236   | 213    |
| Others                                  | 1,769  | 14,183  | 1,060 | 2,829   | 35,340  | 3,261  |

Total ₩ 166,919 ₩ 386,796 ₩ 48,333 ₩ 328,195 ₩ 1,035,977 ₩ 134,054

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## b. Provision for handset subsidy

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

**25. STATEMENTS OF CASH FLOWS**

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

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

|  |           |
|--|-----------|
| Transfer from convertible bonds to current portion of long-term debt | ₩ 275,814 |
|--|-----------|

**26. SUBSEQUENT EVENTS****a. Retirement of treasury stock**

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

**b. Issuance of unguaranteed bonds**

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



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**Forward-Looking Statement Disclaimer**

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

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**SIGNATURES**

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

**SK Telecom Co., Ltd.**

*(Registrant)*

By: /s/ Tae Jin Park

*(Signature)*

Name: Tae Jin Park

Title: Senior Vice President

Date: December 19, 2008